DOCUMENT RESUME

PS 027 407

ED 428 850

AUTHOR	Crawford, Mike, Ed.
TITLE	Iowa Kids Count Quarterly, 1991-January 1998.
INSTITUTION	Iowa Kids Count Initiative, Des Moines.
PUB DATE	1998-00-00
NOTE	62p.
AVAILABLE FROM	Iowa Kids Count Initiative, Child and Family Policy Center, 218 Sixth Avenue, Suite 1021, Des Moines, IA 50309-4006; phone: 515-280-9027; fax: 515-243-5941 (free).
PUB TYPE	Collected Works - Serials (022)
JOURNAL CIT	Iowa Kids Count Quarterly; v1 n1-Jan 1998
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Child Welfare; *Children; Early Parenthood; Elementary Secondary Education; Family Financial Resources; Juvenile Justice; Periodicals; *Poverty; Public Policy; *Social Indicators; Taxes; Trend Analysis; *Well Being
IDENTIFIERS	*Indicators; *Iowa; Welfare Reform

ABSTRACT

This document is comprised of the eight consecutive issues of a newsletter of the Iowa Kids Count Project. The newsletter provides information about work undertaken by the Project, other important information on trends in child well-being, and updates on research and data development activities of interest on child and family issues. The Spring 1992 issue focuses on Iowa's national ranking on indicators of child well-being, the results of a policy priority poll, an editorial on developing a child-centered vision for Iowa, and information sources on children' well-being. The Summer 1992 issue discusses the effect of concentrated urban poverty on child well-being and recent state data on poverty rates. The Winter 1993 issue describes welfare reform efforts in Iowa. The Summer 1994 issue presents 10-year trend data on Iowa general fund spending between fiscal year 1983 and 1992, emphasizing programs serving children and families. The Winter 1995 issue examines teen childbearing, including trends and its consequences, and strategies for reducing its incidence. The April 1997 issue examines recent trends in demands on the Iowa juvenile justice system, reviewing current programming for youth, and discussing policy options available to Iowa's lawmakers. The January 1998 issue describes how Iowa taxes affect children and families. (KB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 428 850

Iowa Kids Count Quarterly, 1991-January 1998

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
✓ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Vivian Dey

1

PS 027 407

BEST COPY AVAILABLE

PS 027407

Iowa Kids Count Quarterly

Fall 1991
Vol. 1, No. 1

Kids Count Congress Marks Ambitious Start

The First Congress of the Iowa Kids Count Leadership Collaborative convened on June 11th, 1991, at the Embassy Suites Hotel in Des Moines.

The Leadership Collaborative, composed of one hundred twenty business, government, and community leaders from across the state, oversees the four-year $ 375,000 Iowa Kids Count Initiative, funded by the Annie E. Casey Foundation. Iowa is one of eight states to receive a state Kids Count grant that is designed to develop and publicize trends in child well-being that can serve as a basis for public policy debate.

Guest speakers at the First Congress included Doug Nelson, Director of the Casey Foundation, Lieutenant Governor Joy Corning, Des Moines Register editorial page editor Dennis Ryerson, and Willis Goudy, Professor of Sociology at Iowa State University and Coordinator of Census Services.

In speaking to the issue, "Children: How High on the Political Agenda," both Lieutenant Governor Corning and Dennis Ryerson emphasized the need for strong policy leadership if Iowa is to address the challenges confronting children. Child and Family Policy Center Director Charles Bruner responded by affirming the role of the Leadership Collaborative in providing that policy leadership. Excerpts from Doug Nelson and Willis Goudy are found later in this report.

The Iowa Kids Count Leadership Collaborative is organized into five working groups to develop statements on Iowa's vision for children and the public policy issues that must be resolved to meet that vision in light of trends in child well-being. At the Congress, each of the five "Challenges to Child Well-Being" working groups — prenatal to five, six to twelve, thirteen to eighteen and beyond, urban and rural families, and youth and the workforce — continued work on these vision statements.

Preliminary work of these groups and of the Leadership Collaborative as a whole has emphasized the need to place the healthy development of children in the context of their families and the capacity of families to meet children's needs for healthy development in the context of their communities.

Work group statements, together with trends and indicators of child well-being, will be published in the Iowa Kids Count Data Book, scheduled for release in December, 1991. Included in that Data Book will be both county and state trend data on such important indicators of child well-being as infant mortality and low birthweight, out-of-home placement of children, school completion, adolescent child-bearing, and child poverty. The book will be published annually.

Leadership Collaborative's Five Working Groups

The Kids Count Leadership Collaborative initially is organized into five working groups, each focusing upon a different stage in a child's development or a particular challenge confronting child well-being. Each of the five working groups is preparing a vision statement identifying societal goals for children, obstacles to meeting those goals, trend data that is needed to assess society's progress to meeting those goals, and the public policy issues these goals produce.

The Early Years

The Early Years working group (prenatal to age five) has focused upon the stake society has in supporting children and families during the time children are in many ways most vulnerable and least noticed by society — from the time of conception to the time they enter the public school system. During this period, their environment is largely defined by the family in which they live.

This working group's basic goal for all young children is that they be provided the best possible physical and mental health and opportunity for development as they approach their school years.

Elementary School Years

The Elementary School Years working group (ages six through twelve) has examined the opportunity of children to develop at a time when they begin moving from predominantly family experiences into many more social experiences, both in school and in the community. This working group's goal for children includes the same physical and mental health concerns as for the early years working group, but also includes quality educational experiences and a supportive and stable community as children develop more connections within the larger community.

Adolescence

The Adolescence and Young Adulthood working group (ages thirteen and up) has discussed children as they move from childhood to young adulthood, where there is a potential clash and conflict with the expectations of a society for maturity and self-sufficiency and the youth's desire to experiment and establish independent values.

This working group's goals for children include success in school and support from responsible adults and family members as wanted and valued contributing members to their families, peers, and communities. Crucial to

(continued on page 3)

Statement to Leadership Collaborative — Doug Nelson, Annie E. Casey Foundation

I'm here to express the Annie E. Casey Foundation's good wishes and high expectations for what you are about to undertake under the banner of Iowa KIDS COUNT.

The Foundation's commitment to the KIDS COUNT process grows out of some fairly basic observations. We are convinced that too many American children are growing up without the security, support, opportunity and hope they must have to assume their rightful place as responsible and respected and contributing adults. We are further alarmed that the gap between the childhood experiences of those with advantages and those without appears in many ways to be growing wider, more permanent, more unbridgeable. If this is true, then we may be on the brink of allowing the emergence of two permanently alienated American communities, two cultures living side by side, but not together. Far more than today, we may have to get accustomed in the future to two Americas, two Iowas, two Des Moineses.

I needn't tell you that such an outcome, if allowed to emerge, will be catastrophic — disastrous to our competitiveness and quality of life AND destructive of our democratic political and moral traditions. It is an outcome that we must all commit ourselves to avoid.

KIDS COUNT is a part of that commitment. It is an effort to marshall information in a manner that (1) creates a deeper, more urgent, more real public commitment to at-risk kids; (2) helps policy-makers establish priorities and goals for more effective support of vulnerable families; and (3) creates the basis for holding our states, our communities, our institutions, and ourselves accountable for meeting the goals we set.

It is with those purposes in mind that I'm especially grateful for the chance to be here today. Of the 71 applications we received from 50 states for KIDS COUNT grants, Iowa was scored the highest. It was the best. It was not only thoughtful and competent, but it was distinguished in another way as well. Most KIDS COUNT projects were designed to collect data in the hopes of earning the attention and commitment of key state and local leaders. The Iowa plan, by contrast, promised that a broad collaborative of committed and attentive leaders would be part of the information gathering and analysis process from the beginning. Your presence today fulfills that promise and validates even further my sense that this state will remain among the nation's leaders, innovative in teaching the rest of us how to assure at-risk kids and their families an even great — a real place in America's future.

BEST COPY AVAILABLE

The Family Impact of Income Tax Policy

— special Analysis by Charles Bruner —

Over the last five years, most of the debate over tax policy in Iowa has been related to the impact of taxes on business and economic development. Substantial tax incentives have been provided to businesses through repeal of the machinery and equipment tax, elimination of the personal property tax, and establishment of a research activities tax credit. Even discussions of the state's individual income tax have focussed upon the impact tax rates on high income individuals will have in attracting and maintaining business. Yet taxes have an impact not only on economic decisions, they have an impact upon families as well. This article describes income tax policy in the context of families.

A National Tax Focus on Children

At the national level, most recently evidenced by the report of the National Commission on Children, the impact of taxes upon families is beginning to be given greater attention. The centerpiece of the 32-member bipartisan Commission's report is a recommendation to create a refundable tax credit of $ 1000 on the federal income tax for each child a family supports. This would replace the current $ 2050 personal exemption allowance for dependents and would provide working families with children with much greater tax recognition for their families.

This national attention is based in part upon a recognition that middle-income families are finding it economically more difficult to raise children. Long-term economic trends as they relate to families with children are very sobering. As Table One shows, in inflation-adjusted dollars the average income of a family with children in the United States actually has declined slightly over the last two decades.

At the same time, however, housing costs have increased dramatically. Further, the costs of sending children on to either public or private higher education have increased at a rate well above inflation, although a college education has become increasingly necessary in the job market if one is to find family-sustaining employment. Finally, families are being faced with higher co-payments and deductibles on their health care insurance, and feel more vulnerable to economic ruin from catastrophic health care expenses.

During these years the earnings of individuals (as opposed to families) actually declined significantly. It was only because of the increase in the numbers of two-income families that there has not been a more pronounced decline in earnings among families with children.

Congressional interest in improving the tax treatment of children and families is motivated by the squeeze being felt by their constituents in providing for their children. In actuality, a modification to federal tax law is probably long overdue. Since 1948, the value of the personal exemption has eroded by nearly 75%. If set at the same percentage of per capita income as it was in 1948, the personal exemption would be $ 7781 today. For a working family, the $ 1000 tax credit being proposed by the National Commission on Children is equivalent to a personal exemption of $ 6,700.

Since the cost of raising a child exceeds $ 5000 annually, a $ 1000 credit still would support less than one-fifth of a family's increased costs in any event.

State Taxes and The Family

In Iowa, the median income for a family with children was slightly below the national average in 1987, approximately $ 25,000 (or twice the

Table One: Family Report Card — Is America Making the Grade?

	1970	1980	1987
Mean Income of Families with Children*	$29,943	$28,867	$28,892
Income Spent for Housing	11.9%	14.1%	15.3%
Percent of Mean Income for Room, Board, Tuition at Public College/University	12.7%	12.2%	15.0%
Percent of Mean Income for Room, Board, Tuition at Private College/University	27.1%	26.1%	37.4%

* In 1987 real dollars, others adjusted for inflation. Sources: For mean income and housing, Children, Families, Drugs, and Alcoholism Subcommittee of United States Senate Labor and Human Resources Committee. For higher education: National Association of Independent Colleges.

BEST COPY AVAILABLE

ederal poverty level). Families with ncomes between $ 13,000 and 39,000 (one to three times the overty level) constitute the vast ajority of Iowa families.

ike families nationally, these Iowa milies have found it increasingly ifficult to own their own homes and ave seen the costs of sending their ildren to college soar.

They also have found it increasingly ifficult to obtain health care coverge, when such coverage is not offered hrough their employers. Of the 23,000 Iowans with no health insurance, nearly sixty percent live in amilies with incomes between one and three times the poverty level. Most of the 57,000 uninsured Iowa hildren live in working families with ncomes in this range.

Over the last five years, Iowa public olicy has begun to recognize the needs of low-income families in its tax olicy, but it has not yet provided any ubstantial recognition of middle-ncome families.

Tax changes affecting low-income, working Iowa families were in part spurred by a Citizens for Tax Justice's eport in 1987 identifying Iowa as one f the "filthy fifteen" states that taxed ow-income families at more than wice the rate of very wealthy families. According to Citizens for Tax Justice, family earning $ 7,500 in 1985 in Iowa paid 11.7% of its income in roperty, sales, and state income taxes hile a family with $ 460,000 in ncome paid only 5.4% of that income in taxes.

Since that report, Iowa lawmakers ave made three significant changes in Iowa tax policy to reduce the overall ax burden on low-income, working amilies.

First, the state has adopted an "earned income credit" for working amilies with children. This credit pplies only to income that is obtained hrough work and is designed to upport families in lower wage ositions. For an Iowa family of four working at the poverty level (approximately $ 13,000), the value of the Iowa credit will be $ 52 in 1991.

Second, the state has indexed the standard deduction on the state income ax and set a floor for the deduction. For the same family, the result of these changes in 1991 will be an income tax savings of $ 82.

Third, the state has restructured its child care tax credit to provide much higher benefits to families earning less than $ 20,000. If that family of four spent $ 800 on child care expenses, the credit increase would be worth $ 56 to them (and their overall child care tax credit would be worth $ 164).

Iowa's income tax actually is higher for persons with children than those with no children. In 1990, a married couple with two children and a $ 30,000 income paid $ 1332 in Iowa income taxes. A single parent with two children and the same income paid $ 1322; a married couple with no children paid $ 1320; and a single adult paid $ 1308.

Taken together, these changes have reduced the taxes paid by low-income working Iowa families. For this hypothetical family of four earning $ 13,000, the overall Iowa tax burden (property, sales, and income) has been reduced by $ 200 annually.

While low-income working families have received this relief, however, moderate and middle-income families have not. Further, Iowa's income tax provides almost no recognition of the costs of raising a family outside these tax relief measures targeted to low-income families.

At $ 15 per dependent, Iowa's income tax provides the smallest credit or deduction allowance for children among the forty states with personal income taxes. Since Iowa allows federal deductibility and federal taxes are lower for families with children, Iowa's income tax actually is higher for persons with children than those with no children. In 1990, a married couple with two children and a $ 30,000 income paid $ 1332 in Iowa income taxes. A single parent with two children and the same income paid $ 1322; a married couple with no children paid $ 1320; and a single adult paid $ 1308.

While these tax differences are not large, families with children need more, not less, disposable income in order to meet their needs.

Certainly, it is not the design of state or federal tax policy to discourage people from having or supporting children. Many would argue that tax policy should provide support to those who do care for the future generation of workers.

Yet Iowa's current income tax system is one that actually penalizes people for having children. Nationally, the Commission on Children has called for the federal income tax system to provide much greater recognition of the costs of raising children. As Iowa policy makers look at the tax code, as much consideration should be given to the impact of taxes upon families as is given to its impact upon business and economic development. For society's long-term economic viability, public policies must produce a tax system which supports those who want to have families.

(The views in this special report are those of the author and do not represent any official position. On an occasional basis, the Iowa Kids Count Quarterly will publish special reports which seek to provide new information and analysis on child and family issues.)

BEST COPY AVAILABLE

Work Groups

continued from page 2

society is that these youth acquire all the skills necessary to become responsible parents, workers, and community members.

Urban and Rural Families

The Urban and Rural Families working group has agreed that, while urban and rural families and communities have different qualities, children should be given full opportunities regardless of the type of community in which they are raised. This may require different policy responses for different communities, however.

While rural communities may afford greater social integration and support than urban areas, they also offer much less diversity. An important goal for children is that they obtain a diverse cultural and intellectual awareness with regard to the environment outside their immediate area, and this will require special attention in rural communities.

Youth Readiness for the Workforce

The Youth Readiness for Future Workforce Demands working group has discussed the interdependence between youth readiness for work and a community's economic vitality. Further, the working group has discussed the need for jobs to meet the needs of families.

As goals, this working group has emphasized that youth be prepared to enter the work force with skills and work habits demanded for employment, that working parents have jobs available that pay enough to support a family, that employers view their employees holistically and support their professional growth, and that employers and government recognize their mutual self-interest in preparing youth for the work place.

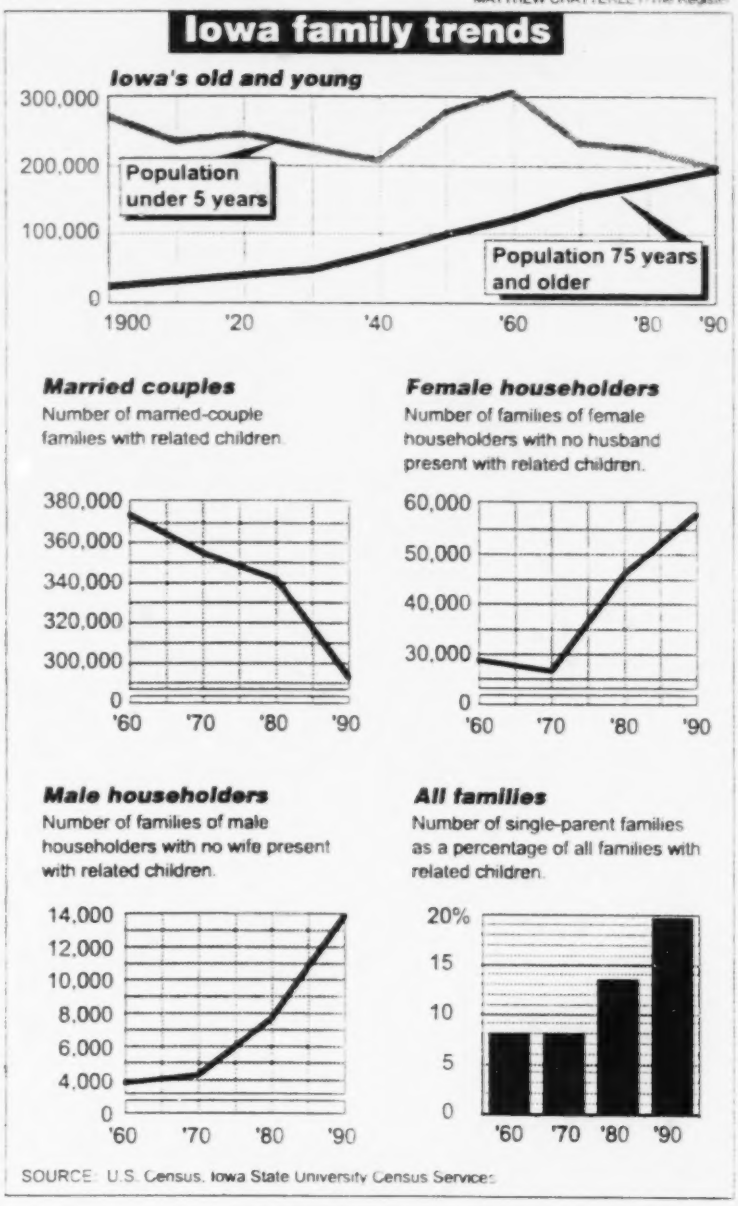
1990 Census Shows Major Changes for Iowa's Children

Willis Goudy, Iowa State University sociology professor and the state's leading expert on the U.S. Census, presented a number of new tables and graphs from the 1990 Census showing important changes in the composition of Iowa families (see below).

Among the most important long-term trends, Goudy stated, is that Iowa's population is aging. For the first time in history, Iowa's over seventy-five year-old population outnumbers the under five population. In addition, the composition of families with children also has changed dramatically in Iowa, following national trends toward single parenting.

These demographic changes are likely to change the political climate of support for children's programs as well, unless children can be seen in the context of Iowa's continued economic vitality.

MATTHEW CHATTERLEY/The Register



BEST COPY AVAILABLE

About the Kids Count Quarterly

This is the first issue of Iowa Kids Count Quarterly, a publication of the Iowa Kids Count Project. The Project is a collaborative effort of the Child and Family Policy Center, the Iowa State Library, the Iowa Commission on Children, Youth, and Families, and the Iowa State University Extension Services, with assistance from the Iowa Department of Human Services and the Governor's Policy Academy.

Iowa Kids Count Quarterly will provide information both about work undertaken by the Project and other important information on trends in child well-being that comes to the attention of the Project. The November issue of Iowa Kids Count Quarterly will provide a resource directory of other research and data collection activities underway in Iowa which can provide information on Iowa's children and families. Thereafter, there will be updates on research and data development activities of interest to Iowans on child and family issues. Persons wishing to have a description of their projects included in an upcoming Iowa Kids Count Quarterly should contact Mike Crawford or Megan Berryhill at the Child and Family Policy Center, 100 Court Avenue, Suite 312, Des Moines, IA 50309 (ph: 515-243-2000, fax: 515-282-0007).

Individual subscriptions to Iowa Kids Count Quarterly are free. Organizations are encouraged to request multiple copies for distribution through their systems. Iowa Kids Count Quarterly will be mailed to all Leadership Collaborative members, the press, Iowa public libraries, county board of supervisor offices, state legislators, and extension offices.

Iowa Kids Count Quarterly

Editor: Mike Crawford
Associate Editor: Megan Berryhill

Iowa Kids Count Steering Committee

Charles Bruner, Child and Family Policy Center (Chair)
Harold Coleman, Iowa Commission on Children, Youth, and Families
Phil Dunshee, Governor's Policy Academy on Families
Beth Henning, State Library
Mary Nelson, Iowa Department of Human Services
Lesia Oesterreich, Iowa State University Extension Service

IOWA KIDS COUNT PROJECT
Child and Family Policy Center
Tanager Place
2309 "C" St. SW
Cedar Rapids, IA 52404

Non-Profit Org.
U.S. Postage
PAID
Permit No. 508
Cedar Rapids, IA

BEST COPY AVAILABLE

IOWA KIDS COUNT

Iowa Kids Count Quarterly

Spring 1992
Vol. 1, No. 2

National Kids Count Data Book — Iowa Slips in Child Well-Being

The 1992 National Kids Count Data Book, released March 23, 1992, shows Iowa's ranking among states on measures of child well-being continuing to decline. Over the last three years, on the indicators of child well-being used in the national report, Iowa's ranking has declined from 8th to 12th to 15th among states.

Iowa's is the largest drop in ranking any state in the country experienced during this period. In 1990, when the first national data book was published, Iowa ranked behind only Connecticut, Maine, Massachusetts, Minnesota, New Hampshire, North Dakota, and Utah. By 1992, however, Hawaii, Nebraska, New Jersey, Rhode Island, Vermont, Washington, and Wisconsin surpassed Iowa in the rankings.

The indicators used in the 1992 Kids Count Data Book include six of the eight measures used in World-Class Futures, Iowa's Kids Count data book. A major difference between the two reports is that the national book used juvenile custody rate for children aged 10-15 while Iowa's book uses children in foster care. In addition, the national book uses children in poverty and children living in single-parent families to develop their composite score.

Iowa's juvenile custody rate and Iowa's teenage death rate are the primary reasons for Iowa's decline in rankings over the period and also are the indices upon which Iowa scores poorest. In 1989, Iowa ranked 47th among the fifty states in the rate of placement of children aged ten through fifteen in juvenile detention, shelter care and correctional facilities. Iowa's teen violent death rate (primarily due to automobile accidents) was above the national average in 1989, with Iowa's ranking 27th among the fifty states.

A copy of the 1992 National Kids Count Data Book may be obtained by contacting: Center for the Study of Social Policy, 1250 Eye Street NW, Suite 503, Washington, DC 20005. Telephone: 202/371-1565. There is a $12.50 charge for each copy.

Inside this issue . . .

Results of Iowa Policy Priority Poll ..... p. 2
Excerpt from Judy Weitz's Kids Count Presentation ..... p. 3
Guest Opinion from Collaborative Member Tom Urban .... p. 4
Information Sources on Iowa's Children ..... p. 5

PS 022407

BEST COPY AVAILABLE

1992 Policy Priority Poll

Voters to Politicians: 'Don't Fail Our Children'

Iowa voters personally are most concerned about the economy and jobs, but they believe Iowa state policy makers, in tight economic times, above all else should make sure that the needs of Iowa's children are met.

This is the conclusion of a public opinion survey of a random sample of five hundred registered Iowa voters commissioned by the Child and Family Policy Center and conducted by Starr and Associates, a West Des Moines consulting firm, between February 26th and March 10th. This poll provides valuable information on a number of child concerns which have been raised by the Leadership Collaborative of Iowa Kids Count.

While nearly half (48 %) of those polled cited "the economy and jobs" as the concern they worried about the most, almost one-quarter cited "the health and education of our children" (22 %) as their greatest concern. Next on the list were "care for our senior citizens" (9 %), "crime and violence" (7 %), "the environment" (6 %), and "taxes" (6 %).

When it came to priorities for spending of tax dollars, however, meeting the needs of children came out on top. Over two-thirds of those polled believed one of the top three priorities for state government spending should be to guarantee children health care, quality education and economic security. Next in importance were providing incentives for business to create jobs, guaranteeing senior citizens economic security and support, fighting crime and violence, and lowering taxes, all named by approximately two-fifths of those polled.

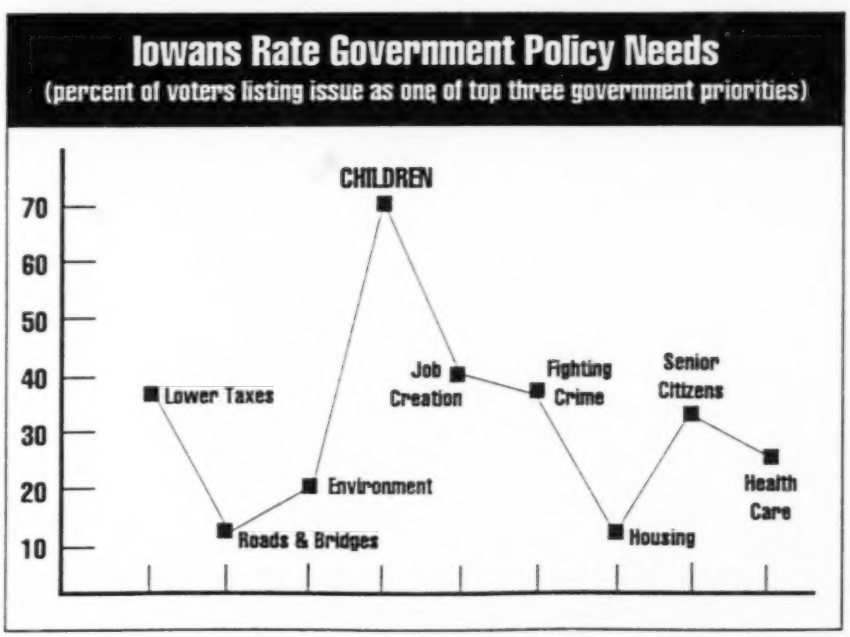
When state government must consider cuts, those polled strongly felt that children's services should be among the last services to be cut. Over three-quarters (77 %) felt that investigating and treating child abuse and neglect should be among the last services cut and over two-thirds (69 %) felt that providing health care for poor children should be among the last services cut.

Alternatively, 54 % felt paying nursing homes to serve the low-income elderly should be among the last services cut, 42 % felt the same for funding teacher salary improvements, 38 % for funding programs to protect Iowa's groundwater, 25 % for repairing and building state roads and bridges, 22 % for providing economic development grants to communities and businesses, and only 5 % for building a state telecommunications system for state business.

This support for protecting children from budget cuts and investing in children's services came from all segments of Iowa society. Support for children's issues was strong among seniors as well as younger voters, and among the persons with high incomes as well as middle and low incomes.

Dorothy Holland, a member of the Iowa Kids Count Leadership Collaborative and Director of the CrossRoads of Iowa Area Agency on Aging, presented data at the press conference releasing the poll results which confirmed strong senior citizen support for children's issues. "While seniors differed from younger voters in their generally stronger support of issues vital to the economic and health security of older Iowans," Holland stated, "This support does not come at the expense of children's issues. In fact, seniors place the same priority emphasis on children's issues as did younger voters, although younger voters are more likely to be raising children themselves."

Viney Chandler, also a member of the Iowa Kids Count Leadership Collaborative and Director of United Way of Central Iowa, also spoke at the press conference and offered confirmation of the poll results. National associations of local civic and community organizations — such as United Ways of America, Kiwanis International, and the Cooperative Extension Service — all have established children's concerns as top organiza-



tion priorities. United Way of America's Board of Governors has made a twenty-year commitment to a preventive strategy for children at risk, leading to its 1991 Mobilization for Children campaign. Iowa's poll results confirm that these organizations' identification of children as a priority is in line with the public's own vision.

Poll Priorities

Last Services Government Should Cut:

- ✓ Investigating & treating child abuse and neglect 77%
- ✓ Providing health care for poor children 69%
- Paying nursing homes to serve the low-income elderly 54%
- Funding teacher salary improvements for public school teachers 42%
- Funding programs to protect Iowa's groundwater 38%
- Repairing & building state roads & bridges 25%
- Providing economic development grants to communities & businesses 22%
- Building a state telecommunications system for state business 5%

In addition, however, the poll revealed that most Iowans were not aware of the current economic plight of Iowa's children. While a strong majority of those polled felt that children growing up today have a tougher time than they did a generation ago and that families raising children also have a tougher time, only one-fifth of those polled thought children were the age group in society most likely to be poor. More picked the elderly, although children in Iowa are fifty percent more likely than seniors to live in poverty.

The questions included in the Iowa survey were adapted from those used in other state and national polls and were designed to address many of the issues facing state policy makers during the current legislative session. A more detailed report on the poll results is being completed by the Child and Family Policy Center. Funding for the poll was obtained as part of a grant from the Annie E. Casey Foundation. The poll has a margin of error of 4.4%.

(A complete copy of the poll is being prepared by the Child and Family Policy Center and will be distributed through the Iowa Kids Count Collaborative network.)

Trends in Child Well-Being and Society's Bottom Line

(Excerpts from a speech by Judy Weitz, National Kids Count Coordinator, to the Iowa Kids Count Leadership Collaborative at the Kids Count Congress on December 17, 1991)

As parents, we have individual visions and assessments of our children. So, too, communities and the nation are beginning to focus on our societal or common goals for children. How are we doing? In what direction are we headed? What will it take to get where we want to be?

World-Class Futures, your KIDS COUNT report, along with that of the seventeen other KIDS COUNT state projects, is about setting goals for children, measuring results and creating accountability for those results. It is a model, in fact, drawn from business. For in business, success is determined by how well a product sells or a service performs in the market place. Establishing goals, measuring progress towards them and adjusting strategies when achievement falls short of expectation is a basic requirement for staying competitive.

[T]he challenge here today is how to put this KIDS COUNT report to work for Iowa's and the nation's children. How can we make a contribution? A generation of American children stands to be left behind their parents and grandparents. You and I cannot solve all the problems or turn around the troubling trends. But we can and should be part of progress. For we are all shareholders with vested interests in the outcomes for all children. And as Noble Laureate Alva Myrdal says:

"I know only two things for certain. One is that we gain nothing by walking around the difficulties and merely indulging in wishful thinking. The other is that there is always something one can do oneself....Otherwise there would be nothing left but to give up. And it is not worthy of human beings to give up."

(A complete copy of Judy Weitz's speech is available through the Child and Family Policy Center: 515/280-9027.)

BEST COPY AVAILABLE

Casting a Child-Centered Vision for Iowa

(Excerpts from a guest editorial by Thomas Urban published in the Des Moines Sunday Register on February 16, 1992)

As the cliche goes, "The shadow of the noose concentrates the mind." A state deficit of $350 million, give or take $50 million, is indeed a noose.

That somber shadow has treated us to a spate of recipes for Iowa's future. The Fisher Committee — appointed last summer by Governor Terry Branstad — presented a mix of cost cutting and structural changes. The Register dealt with vision — or lack of it — and proposed structural adjustments. Both the Fisher Committee and The Register are to be congratulated for entering the fray, but neither dealt with the issue in a way that will energize voters to move the debate forward.

When government is functioning effectively, priorities are in reasonable balance on both the income and expenditure sides of the financial equation. Consensus reigns.

However, when institutions, including governments, start to run consistent deficits as we have in Iowa, it is not possible to continue business as usual and simultaneously solve the problem. More important, when the fundamentals of an institution have turned negative, it is not possible to solve the resulting problem by instituting efficiencies. Efficiencies are always welcome and should be pursued aggresively, but they are not at the root of the difficulty. A process of across-the-board cuts, broad tax increases, a reallocation of taxes between the state and the federal government, or structural changes in institutions of management are usually temporary stopgaps, simply postponing a more dramatic and inevitable solution.

The problem must be attacked on a much more basic and politically difficult level — the resetting of priorities both on the expenditure and the revenue sides. Until we can turn the need to "do something" into a real debate on expected outcomes of governmental efforts, we will not make much progress.

Government is about people and the quality of life in Iowa will depend on how our people turn out, to a very large degree on what happens to our young people — birth to age 12. Priorities, then, come down to people. If we want to improve the quality of life in Iowa, reduce the costs of government, allow government agencies to adapt rapidly to changes in economic and social conditions, we must deal with how government affects people and, in particular, very young people.

Costs of government imbedded in high crime, pollution, poor health, welfare dependency, lack of productivity on the job, aversion to risk-taking are outcomes — they are outcomes ultimately related to personal and social conditions experienced by young people growing up in Iowa.

We know that most crime is committed by young men. We know that limited skills lead to unemployment and welfare. We know that poor health is part of a litany of social problems, the solutions to which are expensive for all of us. Outcomes for people must be at the beginning of the debate on government effectiveness.

The first question to ask when setting the state government's goals is, "What do we want for our children who will be the adults who will make Iowa what it will become?" Let us state clearly what we should expect of a child growing up in Iowa. Let us state very clearly what we believe the state's role is in effecting that outcome. Then let us begin to build a state budget from those first premises.

If we had embarked on this course in 1980, we would have had tens of thousands of 1- to 10-year olds today who ultimately could have helped reduce the cost of health care, welfare, crime and unemployment in the state. By the year 2000, we could have made a dramatic impact on the quality of all of our lives.

It is primarily around young people that a consensus can be reached on priorities that ultimately will result in measurable favorable outcomes across the entire state budget. Our first priority should be our children. That priority has the greatest chance of effecting positive social outcomes, a chance to control our destiny aside from the influence of the national economy.

There is a strong element of deferred gratification in this prescription. Yet this state, and the nation, were constructed by building a better future for one's children. A focus on the child in Iowa, a focus on the future "for others" draws on a rich vein of caring in our social history (perhaps even on the fundamental biological logic of selection) and consequently has a significant chance of success.

I suggest the Legislature set up a "Committee for the Young," made up of a cross-section of Iowans. That committee would set out expected outcomes for our young people, leading to specific programs and expenditures. The costs of generating expected outcomes for children would become the core budgets for all local, state and county governments. The most effective methods of delivery of expected outcomes would define structure.

Such a budget would improve the long-term quality of life in Iowa, create trust in government, and ultimately address the concerns of those disturbed by present structure and cost. The quality of our young people in Iowa ultimately will define our quality of life and our cost of government.

Important Information Sources on Children's Well-Being in Iowa

In addition to World-Class Futures, Iowa's Kids Count Data Book, there are a number of other publications and materials which provide a wealth of information on Iowa children and families. Following is a brief description of some of these references.

Publications

The Census Services at Iowa State University has published its 1991 edition of Iowa's Counties: Selected Population Trends, Vital Statistics and Socioeconomic Data. Included in the publication are county-by-county data concerning population, housing, economic, demographic, social and vital statistics for 1990 and previous years, and trends that have developed during this time. This book offers the most extensive county-by-county data related to the Iowa population compiled in any single publication. For more information, contact: Willis Goudy, Census Services, Department of Sociology, Iowa State University, Ames, Iowa 50011.

The Governor's Office has released Iowa's Progress Toward the National Education Goals, a report which describes Iowa's standing in relation to the six national education goals that President Bush and the nation's governors endorsed to be achieved by the year 2000. The report includes much statistical information relating to the educational performance of Iowa's children. Iowa's report has been released in conjunction with the first national progress report prepared by the National Education Goals Panel. For more information, contact: Office of the Governor, State Capitol, Des Moines, Iowa 50319.

The Birth Defects Program of the State Health Registry of Iowa has published Birth Defects in Iowa, Surveillance Report, 1983 - 1986 for birth defects in Iowa from January, 1983 - December, 1986. The data contained within this report are preliminary and are provided for persons interested in the epidemiology of birth defects and related adverse reproductive outcomes. For more information, contact: State Health Registry of Iowa, S100 Westlawn, University of Iowa, Iowa City, Iowa 52242.

The Department of Human Development and Family Studies of Iowa State University recently completed The Standard of Need for the State of Iowa, a report which presents recommendations for the Standard of Need which should be used as a basis for calculating benefits to be provided under the state's Aid to Families with Dependent Children program. Based upon a variety of living costs, the report describes the minimum, monthly after-tax income needed by families to meet their basic needs. The report details the methods and assumptions used to develop the various Standard of Need recommendations. For more information, contact: Department of Human Development and Family Studies, Iowa State University, Ames, Iowa 50011.

The Census Services at Iowa State University has published Age Groups in Iowa and Its Counties: 1940-2010. Included in this publication are county-by-county data of the various age group breakdowns in Iowa from 1940 to 1990 and projections for the years 2000 and 2010. In addition, the report lists the age breakdowns by sex and compares the younger and the older residents of the state. For more information, contact: Willis Goudy, Census Services, Department of Sociology, Iowa State University, Ames, Iowa 50011.

Videotapes

The Iowa State Education Association recently produced a twenty minute videotape, "The Class of 2001." This videotape is aimed at informing citizens of the importance of education in society's future and presents trend data and statistics on Iowa children during the 1980's in an easily digestible format. It is suitable for presentation to groups. For more information, contact: Angie King, Iowa State Education Association, 4025 Tonawanda Drive, Des Moines, Iowa 50312.

Mid-Iowa Community Action has produced a videotape for their Family Futures Day. The videotape is designed to lead discussions concerning the important roles families play in children's lives in addition to the various barriers and problems children and families encounter. There is also focus on the role of local communities and how their strengths can be used with regard to these barriers and problems. For more information, contact: Janet Carl, Mid-Iowa Community Action, 1500 E. Linn, Marshalltown, Iowa 50158.

The Child and Family Policy Center maintains a videotape library of presentations relating to children and families in Iowa. Included in the library are: an Iowa Press segment featuring Willis Goudy describing demographic trends in the state, an interview with Charles Bruner on Iowa Kids Count, a description of Iowa's Family Development Grant program and a Kids Count Policy Report Interview with Charles Bruner. For information about videotapes on children and family issues available for viewing before groups and organizations, contact: Mike Crawford, Child and Family Policy Center, 100 Court Avenue, Suite 312, Des Moines, Iowa 50309.

Kids Count Quarterly Report Subscription

Iowa Kids Count Quarterly is a publication of the Iowa Kids Count Project. The Project is a collaborative effort of the Child and Family Policy Center, the Iowa State Library, the Iowa Commission on Children, Youth and Families, and the Iowa State University Extension Services, with assistance from the Iowa Department of Human Services and the Governor's Policy Academy.

Iowa Kids Count Quarterly will provide information both about work undertaken by the Project and other important information on trends in child well-being that comes to the attention of the Project. There will continue to be updates on research and data development activities of interest to Iowans on child and family issues. Persons wishing to have a description of their projects included in an upcoming Iowa Kids Count Quarterly should contact Mike Crawford or Megan Berryhill at the Child and Family Policy Center, 100 Court Avenue, Suite 312, Des Moines, Iowa 50309 (telephone: 515/280-9027, fax: 515/243-5941).

Individual subscriptions to Iowa Kids Count Quarterly are free. Organizations are encouraged to request multiple copies for distribution through their systems. Iowa Kids Count Quarterly will be mailed to all Leadership Collaborative members, the press, Iowa public libraries, county board of supervisor offices, state legislators and extension offices.

Iowa Kids Count Quarterly

Editor: Mike Crawford
Associate Editor: Megan Berryhill

Iowa Kids Count Steering Committee:

Charles Bruner, Child and Family Policy Center (Chair)
Harold Coleman, Iowa Commission on Children, Youth, and Families
Phil Dunshee, Governor's Policy Academy on Families
Beth Henning, State Library
Mary Nelson, Iowa Department of Human Services
Lesia Oesterreich, Iowa State University Extension Service

IOWA KIDS COUNT PROJECT
Child and Family Policy Center
100 Court Avenue, Suite 312
Des Moines, IA 50309

NONPROFIT ORG.
U.S. POSTAGE
PAID
DES MOINES, IA
PERMIT NO. 4032

IOWA KIDS COUNT

Iowa Kids Count Quarterly

Summer 1992
Vol. 2, No. 2

TWO IOWAS —

The Effect on Child Well-Being of Concentrated Urban Poverty

This spring's riots in Los Angeles have provided punctuation and increased public visibility to the deteriorating plight of our country's inner cities. This deterioration has long been evident in a variety of statistics, with some of the most sobering of these relating to the plight of inner city children.

Recognition of the depths of the problems in inner cities has produced renewed calls for a targeting of resources to children in inner cities in an effort to break a "cycle of poverty and dependency" which has profound economic consequences not only to the residents of inner cities themselves, but to society as a whole.

In general, however, Iowa does not consider itself to be a state of such sharp contrasts. The picture of Iowa most people hold is not one with distressed inner cities jeopardizing the health and well-being of the state's children and its future work force.

Results of a recent survey of Iowa voters, published as part of the Iowa Kids Count Initiative in Where Iowa's Children Rate, showed that while voters strongly support children as a top public spending priority, they do not see children as being at greater risk of poverty than the population as a whole. Therefore, Iowans have not identified strongly with the bleak national reports on inner city children. In fact, many of Iowa's inner city children are at extremely high risk.

The 1991 Kids Count report, World-Class Futures, showed that children from metropolitan counties (those with cities 50,000 and over) fared less well on six of eight measures of child well-being than their more rural counterparts. While demonstrating that significant variations in child well-being exist across communities, however, these county-level data do not show within-county variations and, specifically, do not present a picture of the status of children in the poorest, urban neighborhoods.

For this reason, as part of its 1992 data collection efforts, Iowa Kids Count conducted three separate analyses which examined the well-being of children in urban neighborhoods of concentrated poverty. Because these analyses are expensive to conduct, they were done selectively. The three indicators examined — infant mortality, foster care placement, and elementary school test scores — were selected because they represented important health, education, and child welfare indicators and because information could be obtained on geographic areas within cities characterized by high rates of poverty.

The results of these analyses, while limited to specific sites and therefore illustrative rather than comprehensive, are both striking and sobering. They clearly show that children living in Iowa's poorest urban neighborhoods are at such greater risk than other Iowa children that attention must be given to target-

Continued . . .

ing resources to these neighborhoods if the overall well-being of Iowa's children is to improve.

The results from these analyses, with hypothetical extrapolations to the state as a whole, demonstrate the concentration of what Lisbeth Schorr refers to as "rotten outcomes" for children who are within Iowa's own inner city areas.

Infant Mortality in Des Moines

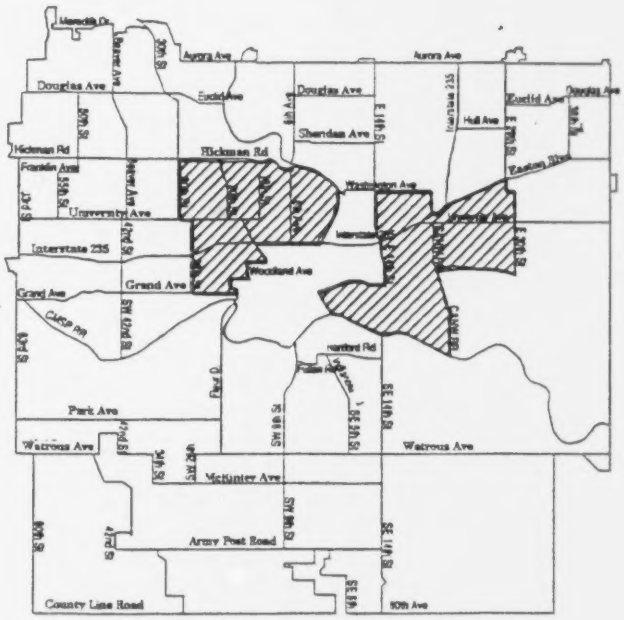
In 1991, Des Moines was cited by the Children's Defense Fund as having the second highest rate of white infant mortality among cities in the country. With an overall infant mortality rate of 13.1 per 1000 live births, Des Moines' infant mortality rate was 57.8 percent higher than the state's infant mortality rate of 8.3 per 1000.

Through its examination of birth records over a four-year period from 1987 through 1990, the Des Moines Register located the census tract of the mothers whose infants died within their first year of life. Using census tract information and combining neighboring census tracts in high poverty areas, the Iowa Kids Count Initiative determined the infant mortality rate for the two largest inner city neighborhoods in Des Moines.

The results showed profound differences within Des Moines in infant mortality rates. The two high poverty neighborhoods, the near east and the near west side, had infant mortality rates of 33.1 and 36.7 per 1000 respectively. The remaining Des Moines neighborhoods had an infant mortality rate of 8.5 per 1,000, about the state-wide average. The overall city-wide rate masked profound differences within Des Moines, with inner city neighborhoods experiencing infant mortality rates similar to those in many third world countries.

Further, since infant mortality will never be reduced to zero (even with advanced medical technology, improved understanding and use of effective prenatal care practices), the differences in potentially avoidable infant deaths between the inner city neighborhoods and the rest of the state are even more profound. Assuming that it is possible to avoid infant mortality rates greater than 6 per thousand through improved prenatal care and support and comprehensive medical services, there were 93 avoidable infant deaths in Des Moines over this four-year period, with 66 of these avoidable deaths occurring within the two inner city neighborhoods. While producing only 17.1 percent of all births in Des Moines, these neighborhoods produced 71.0 percent of all avoidable infant deaths.

Neighborhood & Infant Mortality: City of Des Moines, 1987-1990



	Near West Side	Near East Side	Rest of City	City Total
INFANT MORTALITY FIGURES				
Adjusted Live Births	1,415	816	10,829	13,060
Infant Deaths	52	27	92	171
Infant Death Rate	36.7	33.1	8.5	13.1
CHILD POVERTY RATES				
Children Age 0-4	58.7%	30.4%	15.8%	21.8%
POPULATION DEMOGRAPHICS				
Single Parent Families as % of All Families With Children	57.1%	42.7%	26.9%	31.0%
White Population %	58.1%	79.7%	94.0%	89.2%
African-American %	32.6%	15.4%	3.2%	7.1%
All Other %	9.4%	4.9%	2.8%	3.6%

*Infant deaths by census track were provided by the *Des Moines Register*. They were able to locate 171 of the 192 infant deaths in Des Moines by census track. A calculation of live births was made using the 0-1 population within each census track, and adjusting that figure to reflect a city-wide infant mortality rate of 13.1 per 1,000.

BEST COPY AVAILABLE

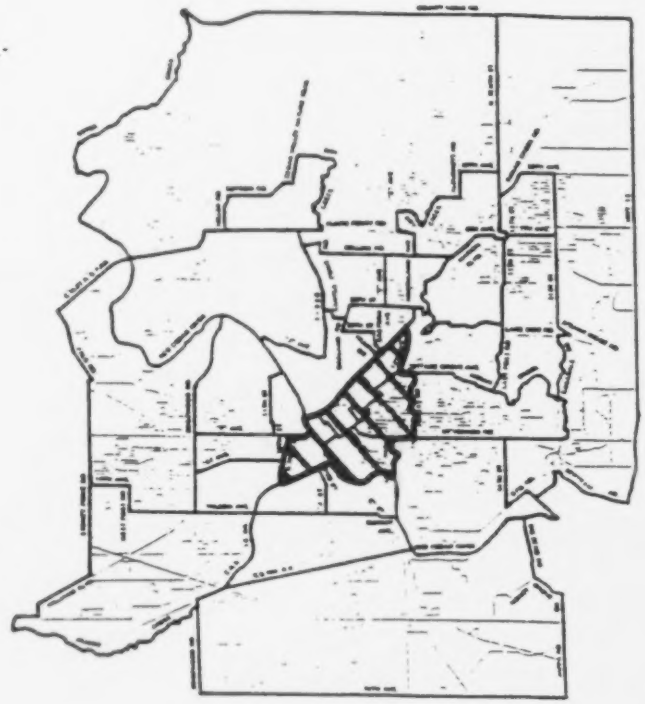
Using the same methodology to define avoidable infant deaths, 218 of the 270 avoidable infant deaths in Iowa over the 1988-90 three-year period occurred in the state's eight largest counties. While representing only 44.7 percent of the state's live births, these counties accounted for 80.7 percent of the state's avoidable infant deaths. Using a straight-line extrapolation process for the inner city neighborhoods in these eight largest counties based upon Des Moines' inner city infant mortality study, these counties' inner cities were projected to have produced over half of all the state's avoidable infant deaths (156, or 57.8 percent), while providing only 4.7 percent of the state's births. Clearly, other efforts to reduce the state's infant mortality rate must give special attention to these poverty neighborhoods within the state's largest cities.

Foster Care Placements in Linn County

The placement of a child away from his or her parents and into foster care — whether for reasons of abuse, neglect, or the inability to protect the child or society — represents one of the gravest actions the state can take. Over the last decade, Iowa's placement rate for children into foster care has increased by 35.8 percent, to 3,817 children in 1990.

Linn County was selected for a study of the geography both of the neighborhoods from which children were removed from their parents and the neighborhoods into which those children then were placed. Linn County was selected primarily because its overall placement rate of children into foster care was representative of Iowa's largest counties and because the number of case records which needed to be individually examined to collect the necessary information was manageable and yet extensive enough to yield statistically meaningful results.

Variations in Foster Care Placement Rates Within Linn County, 1991 DHS Cases



	Inner City	Remainder of Cedar Rapids	Non Inner City County
FOSTER CARE FIGURES			
Foster Care Placement Rate / 1,000 Children	13.6	3.6	2.9
CHILD POVERTY RATES	N.A.	N.A.	N.A.
POPULATION DEMOGRAPHICS			
Single Parent Families As % of All Families with Children	39.7%	20.8%	18.7%
White Population %	87.3%	97.3%	97.9%
African-American Population %	9.6%	1.4%	1.0%
All Other Population %	3.1%	1.3%	1.1%

Overall, the 196 foster care cases under the supervision of the Linn County Department of Human Services as of November, 1991, were categorized by the location of the child and his or her parents at the time of placement, the location of the initial placement, and the length of time the child was in placement.

As with infant mortality in Des Moines, the inner city census tracts in Cedar Rapids showed dramatically higher rates of placement of children into foster care than the city or the county as a whole. While the inner city neighborhoods of Cedar Rapids contained only 11.1 percent of the county's child population, they contributed 37.0 percent of all children placed into foster care. The placement rate per 1,000 children was 13.6 in the inner city neighborhood, compared with 2.9 per 1,000 for the rest of Linn County.

Moreover, in virtually all of these cases, children were removed from their homes and from their most immediate neighborhoods. In only 3 of the 196 cases studied were children then placed back into the census tract from which they were removed. For the 139 children for whom reunification with the parents was the permanency plan goal, fewer than 10 percent were placed in foster placements in the same elementary school attendance area from which they were taken. Since distance makes reunification with parents more difficult and disruption of schooling and neighborhood ties also impedes reunification and child development, the out-of-neighborhood character of most placements clearly impacts child well-being. This may explain why, for the 109 children for whom reunification was the goal at the time of placement and at the time the study was conducted, nearly one-third had been in foster care for more than two years.

Recognizing the dramatic increase in foster care and the harm to children that can result, the Iowa General Assembly enacted landmark legislation in 1992 to reduce reliance upon out-of-home, institutional, and out-of-state care by developing service alternatives stressing more community- and neighborhood- based and family-centered activities.

To be effective, the Linn county analysis indicates that these strategies must be targeted to inner cities as well, as they will require reducing the length of stay in out-of-home care through speedier reunification efforts as well as reducing the placement of children into out-of-home care from the outset.

If the state is to reduce its placement rate to no more than 4 children per 1,000 (the rate of placement of children into foster care in 1980 and 1985 was 3.9 per 1,000), the majority of the reduction in placement must occur within inner cities. Iowa's eight largest counties, while having 40.5 percent of all the state's children, produce over half of all foster care placements. Again using straight-line projections based upon the Cedar Rapids' inner city study, 18.5 percent of all placements come from Iowa's inner cities, although only 4.5 percent of Iowa's children live in these inner cities. For the state to reduce its overall placement rate of children to 4 per 1,000, there would have to be a reduction of 941 children in out-of-home care. Again using straight-line projections, to reduce the inner city placement rate to 4 per 1,000 would require a placement reduction of inner city children of 578 youth, or 61.4 percent of the total reduction needed statewide.

As with infant mortality, substantial gains in averting out-of-home placements on a statewide basis will require efforts to address the causes of inner city youth being removed from their families.

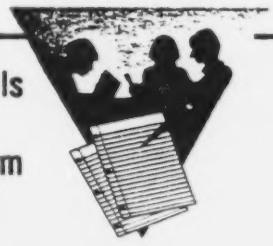
Schools in Highest Poverty Neighborhoods

Identifying the educational status of children in inner city neighborhoods requires a different type of analysis than that provided for infant mortality and foster care, as information about school performance is available on a school basis, rather than an individual child basis. Elementary school attendance areas and Iowa Basic Skills Test score rankings according to national norms were used to suggest the difference in educational risk for children in Iowa's inner city schools, as these constituted the best available information for such analysis.

In Iowa, fourteen elementary schools have student populations with participation rates in free and reduced price lunches above 75 percent. These schools, all in metropolitan school districts (and, in both Des Moines and Cedar Rapids closely responding to the census tract areas used in the infant mortality and foster care analyses), were contacted for their school test scores for the Iowa Test of Basic Skills, with all providing information on the testing of their fourth grade students.

As with infant mortality and foster care, these inner city elementary school scores were profoundly lower than were those for the districts and the state as a whole. While the eight school districts had a median score, on a national norm for schools, in the 64th percentile among schools, the median score for these inner city schools was the 30th percentile. The range of scores for fourth grades among the inner city schools was from a low of the 1st percentile among fourth grades in the country to the 51st percentile, while the range for the overall metropolitan schools districts was from the 54th percentile to the 79th percentile.

In addition, there has been a deterioration in performance in many



Fourth Grade Iowa Test of Basic Skills Scores — Inner City, District and National Norm Comparisons

	School Ranking/National Norm of All U.S. Schools			Median% Free/RP Lunch
	Lowest	Median	Highest	
14 Inner City Iowa Schools	1st	30th	51st	83%
8 Metropolitan School Districts	54th	64th	79th	N.A.
All Iowa Schools	1st	N.A.	99th	N.A.

of these elementary schools. In 1978, no Iowa elementary school scored below the 25th percentile on the national norms for fourth graders. In this analysis, however, six of the fourteen inner city urban schools scored below the 25th percentile.

While on a statewide basis Iowa's fourth-graders score well above the national average, with corresponding high ranking in an overall high school graduation rate of nearly ninety percent, these inner city elementary schools fall far below the national average, although nationally more than one-quarter of all students fail to graduate from high school. It is likely (although these statistics can only suggest it), that children in these inner city schools are at five or more times the risk of Iowa children as a whole of failing to graduate from high school. If this is the case, and it is certainly the "best guess" available upon which to base policy, these children face much grimmer economic futures as young adults and parents of children themselves than children living in more affluent neighborhoods.

Implications from the Statistics

Prior to the staff at the Child and Family Policy Center conducting these analyses, there were no preconceptions regarding the magnitude of the differences in well-being between Iowa inner city and non inner city children. While differences were expected, the magnitude of the differences came as both a surprise and a challenge.

The concentration within Iowa's inner cities of some of the most severe indicators of child distress and preventable "rotten outcomes" — infant mortality, foster care placement, and school failure — is inescapable. While these analyses are limited and by their nature only suggestive, their sheer force cannot be dismissed. If Iowa policy is to reduce the harm that is done to children through failing to guarantee their health, education, and social welfare, that policy must direct much, if not most, of its attention to neighborhoods of concentrated poverty within our largest cities. While fewer than five percent of Iowa's children live in these areas of concentrated poverty, these analyses suggest they produce half of the avoidable tragedies of our society in failing to help children achieve their full, or even a minimum acceptable level of their full, potential.

Iowa is not a metropolitan state like New Jersey, California, or Michigan — where the majority of children live in large cities. In those states, the deterioration of inner cities is a recognized threat to child and societal well-being with which policy makers knowingly contend. Yet from the perspective of those children and families who live in neighborhoods of concentrated poverty within Iowa, their reality is little different from those of inner city children in Camden, Los Angeles, or Detroit.

If Iowa policy is to reduce the harm that is done to children through failing to guarantee their health, education, and social welfare, that policy must direct much, if not most, of its attention to neighborhoods of concentrated poverty within our largest cities.

Awareness is a precursor to change. These analyses provide a statistical basis for establishing an awareness of the need to develop policies for children most at risk in Iowa society based not upon individual children, but based upon the characteristics and location of the neighborhoods in which they live.

Iowa Poverty Data Released

Detailed poverty data from the 1990 census has just been released from the United States Census Bureau. Included in the data are statewide, county and city information for the state of Iowa concerning the poverty status of individuals and families in 1989.

While the overall poverty rate for the state of Iowa increased from 10.1% in 1979 to 11.5% in 1989, it decreased for persons age 65 and over, from 13.3% to 11.2%. By contrast, the poverty rate for children under age 18 increased from 11.5% to 14.0% and the poverty rate for children under age five increased from 13.5% to 17.5%. Of all age groups, it is children in Iowa who are now most likely to be poor.

There also was an increase in the poverty rate for families in Iowa, particularly those with young children. While the poverty rate for all families rose only slightly, from 7.5% in 1979 to 8.4% in 1989, for families with children under age five, the poverty rate increased from 11.3% to 16.2%.

The increase in the poverty rate for single parent families headed by females was much more dramatic. The poverty rate for female householder families with children under age 18 increased from 35.5% in 1979 to 45.1% in 1989. For female householder families with children under age five, the poverty rate rose from 51.4% to 64.1%. Today, almost two out of three of these families live in poverty.

The Iowa Kids Count Initiative will present more detailed analyses of the poverty data released by the Census Bureau for its 1992 data book.

Text and Tables Prepared By:

Charles Bruner, Megan Berryhill, Mike Crawford and Karon Perlowski

Kids Count Quarterly Report Subscription

Iowa Kids Count Quarterly is a publication of the Iowa Kids Count Project. The Project is a collaborative effort of the Child and Family Policy Center, the Iowa State Library, the Iowa Commission on Children, Youth and Families, and the Iowa State University Extension Services, with assistance from the Iowa Department of Human Services and the Governor's Policy Academy.

Iowa Kids Count Quarterly will provide information both about work undertaken by the Project and other important information on trends in child well-being that comes to the attention of the Project. There will continue to be updates on research and data development activities of interest to Iowans on child and family issues. Persons wishing to have a description of their projects included in an upcoming Iowa Kids Count Quarterly should contact Mike Crawford or Megan Berryhill at the Child and Family Policy Center, 100 Court Avenue, Suite 312, Des Moines, Iowa 50309 (telephone: 515/280-9027, fax: 515/243-5941).

Individual subscriptions to Iowa Kids Count Quarterly are free. Organizations are encouraged to request multiple copies for distribution through their systems. Iowa Kids Count Quarterly will be mailed to all Leadership Collaborative members, the press, Iowa public libraries, county board of supervisor offices, state legislators and extension offices.

Iowa Kids Count Quarterly

Editor: Mike Crawford
Associate Editor: Megan Berryhill

Iowa Kids Count Steering Committee:

Charles Bruner, Child and Family Policy Center (Chair)
Harold Coleman, Iowa Commission on Children, Youth, and Families
Phil Dunshee, Governor's Policy Academy on Families
Beth Henning, State Library
Mary Nelson, Iowa Department of Human Services
Lesia Oesterreich, Iowa State University Extension Service

IOWA KIDS COUNT PROJECT
Child and Family Policy Center
100 Court Avenue, Suite 312
Des Moines, IA 50309

NONPROFIT ORG.
U.S. POSTAGE
PAID
DES MOINES, IA
PERMIT NO. 4032

IOWA
KIDS COUNT

IOWA
KIDS COUNT

Iowa Kids Count Quarterly

Winter, 1993
Vol. 3, No. 1

PS 022407

Iowa's Welfare Reform:

Critical issues; No easy answers

- Iowa begins welfare reform
- What was the impetus behind Iowa's welfare reform?
- Iowa welfare reform creates a pathway out of poverty
- Iowa's welfare reform: No easy answers

by
Stephen Scott, *Senior Research Associate,*Child & Family Policy Center
Charles Bruner, *Executive Director,* Child & Family Policy Center

Iowa begins welfare reform

Iowa's Family Investment Program

In August, the United States Department of Health and Human Services (HHS) approved Iowa's waiver request to implement the **Family Investment Program.** Enacted by the 1993 Iowa General Assembly, the program calls for fundamental changes in the state's Aid to Dependent Children (ADC) program. Its intent, according to the legislation, is to *"replace provisions which encourage dependency with incentives for employment and self-sufficiency."*

To achieve this goal, the Family Investment Program (1) increases work-and-earn incentives; (2) expands the amount of assets that families can accumulate; (3) eases the eligibility requirements for two-parent families to receive ADC; (4) requires that most recipients enter into agreements to participate in education, training or work programs; and (5) calls for the eventual termination or reduction of benefits under terms provided in these agreements.

Iowa's reform efforts represent part of a third wave of welfare reform that has taken place in little over a decade. In 1981, President Reagan and Congress reduced program benefits in order to make ADC a safety net and nothing more, with most reductions affecting working families. Building upon several innovative state welfare-to-work efforts, Congress adopted the Family Support Act in 1988. This legislation expanded work and training programs for recipients, improved child support collection efforts, and provided additional support for those who earn enough to leave welfare.

The Clinton administration is now developing additional changes that will, in the President's words, seek to "end welfare as we know it." The goal is to transform welfare into a transitional, time-limited program, where, after a maximum two years of education, training, and job placement assistance, recipients will be working.

Although Iowa's program does not have a specific time limit, the approval of its waiver request is consistent with the new federal philosophy. The impact of these reforms will be felt by almost all of the 36,000 families now receiving ADC and by other low income families. (See insert 1 on page 2 for a description of ADC recipients in 1991.)

BEST COPY AVAILABLE

Insert 1: Families receiving ADC in Iowa, 1991

***ADC Background**: Adopted in 1935, ADC is a joint federal/state program that provides financial assistance to families who are financially deprived because of a parent's absence or unemployment. Eligibility for the program and the level of benefits received depends on the family's size, income, assets, and, to some extent, whether it is a single-or two-parent family.*

The typical Iowa family receiving ADC has one or two children and is headed by a woman in her mid-twenties who is white and has graduated from high school. These households represented 9 percent of all families with children in Iowa and almost half of those headed by a single mother. The average maximum ADC benefit for most size families in Iowa is approximately 50 percent below the federal poverty line.

No. of families receiving ADC	35,150
Two-parent ADC families	3,267
No. of ADC children in households	100,302
One child	47.5%
Two children	30.6%
Three children	14.2%
Four or more children	7.7%
Age of head of ADC household	
Less than 20	7.2%
20 to 29	54.3%
30 to 39	31.4%
40 and older	7.1%
Reason for family deprivation	
Parents never married	50.5%
Parents divorced or legally separated	26.2%
Parent incapacitated or unemployed	10.8%
Parent absent, not legally separated	9.8%
Parent deceased	0.8%
Race of parent of ADC household	
White	83.7%
Black	11.9%
Hispanic	1.4%
Other or unknown	3.0%
Maximum monthly ADC grant	
Family of 2	$361
Family of 3	$426
Family of 4	$495

Insert 2: Poverty in families with single mothers

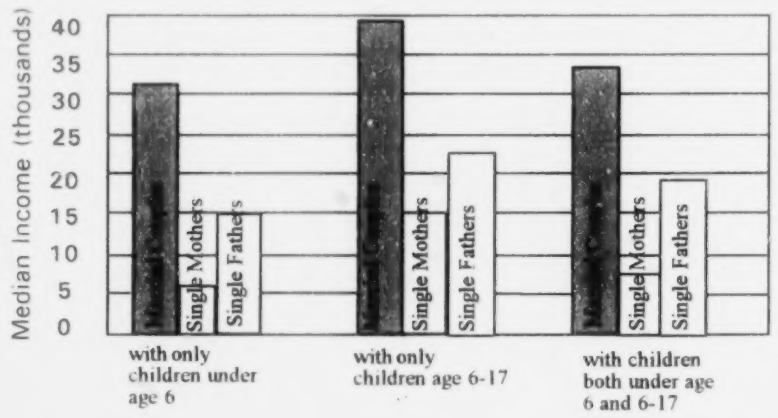
The contrast between the income of families with children headed by married couples and by single mothers is stark, particularly in families with young children. As Chart 1 shows, the median income of Iowa's single-mother families was far below that for either married-couple or single-father families. For instance, the median income for single-mother families with only children less than six was $6,000, compared to corresponding figures of $32,000 and $15,000 for married-couple and single-father families, respectively. The median income for single-mother families with only children between 6 and 17 was higher ($15,000), but still far below that for married-couple ($40,000) and single-father ($24,000) families.

Given their family's low income, children in single-mother families are much more likely to be poor than those in other families, especially if they are young. In 1990, almost two-thirds of children under 6 in single-mother families were poor; by contrast, only 9 percent of those in married-couple and 28 percent of those in single-father families were poor. The poverty rate of older children in single-mother families was lower (44%), but still far exceeded that for older children in either two-parent (7%) or single-father (17%) families.

The number of poor single-mother families in Iowa has more than doubled over the past two decades -- from 11,500 in 1969 to 25,100 in 1989. The proportion of Iowa's poor families with children that are headed by single mothers has also grown significantly from one-third of all poor families in 1969 to over one-half in 1989.

Chart 1

Median Income of Iowa's Families with Children, 1989



What was the impetus behind Iowa's welfare reform?

Two major societal changes drive welfare reform

One might reason that growth in the number of families on welfare and the program's cost to the state provided the primary impetus for Iowa's reforms. In fact, however, the number of ADC recipients in 1993 was less than in the mid-1980s and little more than 1980 (See Chart 2). In addition, the maximum level of ADC benefits has risen only slightly over this time. (See Chart 3). *When adjusted for inflation, the current $426 maximum grant for a family of three is worth only half the $360 maximum grant in 1980.*

Chart 2

Average monthly ADC cases; Iowa, 1980-1993

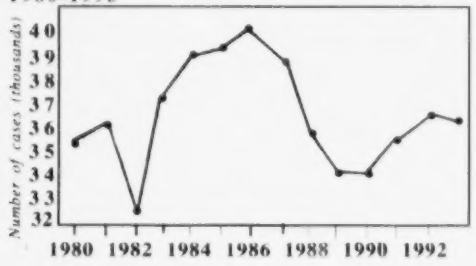
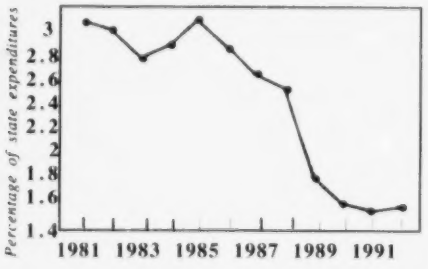


Chart 3

ADC expenditures as a percentage of Iowa Budget, 1981-1992



For these reasons, Iowa's state ADC expenditures have declined over the last decade, ranging from $56 million in 1981 to a high of $65 million in 1985 to $49 million in 1992. In 1992, Iowa's ADC expenditures were only 1.54% of the total state budget -- approximately one-half the proportion they represented in 1985.

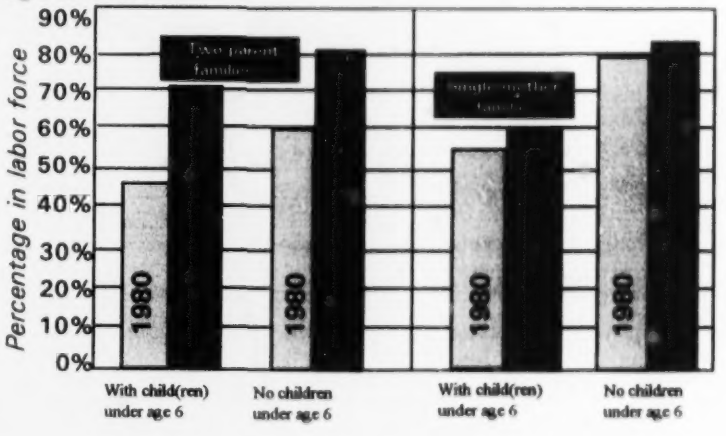
More mothers enter work force: Instead, larger societal changes seem to be driving Iowa's welfare reform efforts. *First, over the last two decades, more mothers in two-parent families in Iowa have entered the work force*, often to compensate for stagnating or declining employment earnings of their spouses. It is now the rule and not the exception within Iowa that mothers of even very young children (0-5) work. Almost three quarters are now in the labor force (See Chart 4). Most single mothers also work, including more than 70 percent in 1990. As a result of this trend toward mothers working, most state and federal welfare reform efforts now expect mothers receiving ADC to work as well.

Child poverty increases: The second change driving welfare reform is the dramatic increase in the child poverty rate -- a development that many have associated with the rise in the number of families headed by single parents (most of whom are women). *Between 1980 and 1990, the percentage of children in Iowa living in poverty increased from 11.5 % to 14.0 %.* During the same period, the proportion of families headed by single parents in Iowa grew from 12.9 to 19.7 percent of all families.

Many associate the changes in family structure with the rise in child poverty because families headed by a single parent, especially by a single mother, are much more likely to be poor. Despite working more in 1990 than in 1980, single-mother families are increasingly likely to be poor. Of all Iowa single-mother families, 45 percent in 1990 were poor, compared to 35 percent in 1980. By contrast, the poverty rate among two-parent families has remained at 8 percent across the decade, primarily because of the increase in the labor force participation of mothers. (See Insert 2, pg. 2)

Chart 4

Percent of Iowa women in labor force by family type and age of children



Iowa welfare reform creates a pathway out of poverty

These larger societal trends and concerns have helped to shape the debate on welfare reform and the resultant actions in Iowa and the country over the last decade. Simply put, they relate to society's responsibility to: (1) provide economic support to poor families with children; (2) move families toward economic self-sufficiency through employment; and (3) treat single-parent and two-parent families equitably in the process. While these goals encompass more than public welfare, the ADC program has been regarded as the public program that should address them.

Two-parent families are eligible under the same criteria as single-parent families: In establishing the Family Investment Program, the Governor and the Iowa General Assembly addressed these three concerns to different degrees. As to treating single and two-parent families equitably, the program eases ADC eligibility rules for two-parent households that face economic distress. Previously, two-parent families receiving ADC who either had no prior attachment to the workforce or who worked one hundred or more hours a month were excluded from eligibility.

Many contended that these extra requirements forced some parents facing economic distress to separate in order to receive governmental support. *Under the Family Investment Program, two-parent families are eligible under the same criteria as are single-parent families.* This change should lead to more equitable treatment and eliminate the need for families to separate simply to qualify for ADC.

The primary focus of the legislation, however, is to address the first and second goals: *economic support of poor families with children and the movement toward economic self-sufficiency through employment.* The Family Investment Program facilitates these goals and makes Iowa a leader in restructuring ADC.

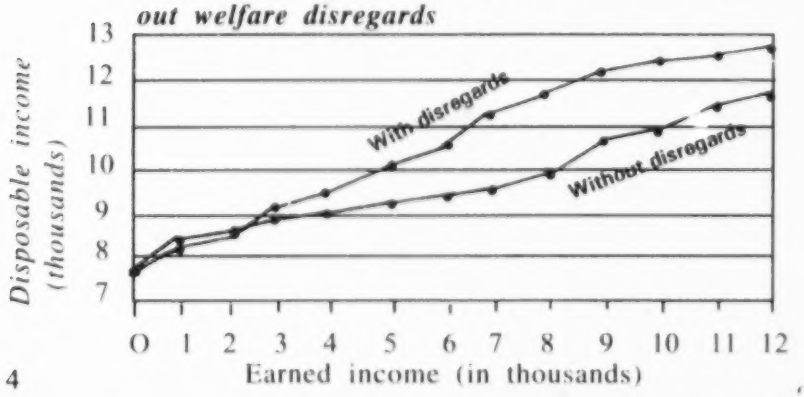
Program requires commitment toward self-sufficiency: To meet these two goals, Iowa's Family Investment Program requires that all recipients without a disability who do not have a child under six months old enter into a family investment agreement unless they are working at least 30 hours a week. These agreements require that recipients participate in employment, education, job training, work experience, or unpaid community service. Recipients who do not comply with their agreement can be sanctioned by having their ADC grant reduced or terminated. Upon completion of the agreement, the state will cease or reduce ADC payments.

Second, the program offers work incentives to families receiving ADC that are among the most progressive in the country. Before the 1993 changes, households receiving ADC with earnings had their overall ADC and food stamp benefits reduced on a nearly dollar-for-dollar basis. This left most recipients with little additional total income from working. For instance, without the 1993 legislative changes, the total disposable income for an Iowa family of three receiving ADC that works full-time in 1994 at a minimum wage job ($9000 annually) would be only $10,400 -- less than $3,000 above that for a non-working family that receives full ADC benefits and food stamps. In effect, the working family experiences a "tax on earnings" of two-thirds of its income. By contrast, as a result of the new Iowa law, the same family in 1994 will end up with almost $12,200 in disposable income. This means that the family will be able to retain over half of its earnings. In addition, families that receive ADC will also remain eligible for benefits at much higher income levels than under the prior law. Until the 1993 changes, most families of three earning more than $8,000 would cease to be eligible for ADC -- even though their family income would still be below the poverty threshold of $11,890. Under the Family Investment program a family of three can earn over $16,000 and still be eligible for a small ADC payment and full medical coverage under Medicaid as well. (For a fuller discussion of the effect of the Iowa changes on the income of families receiving ADC, see Insert 3.)

The differences in disposable income at various earning levels between the old and the new systems are shown in Chart 5. Clearly, the Iowa law does a much better job of providing a "ladder out of poverty" through employment for ADC households. While in the past, families could work their way off welfare while remaining in poverty, families can now work their way out of poverty through a combination of welfare benefits and paid, full-time employment.

Chart 5

Disposable income, Iowa 1994, with and without welfare disregards



While in the past, families could work their way off welfare while remaining in poverty, families can now work their way out of poverty through a combination of welfare benefits and paid, full-time employment.

Insert 3: Changes in Iowa's Earned Income Disregard

In computing eligibility or the level of benefits, the ADC program counts most forms of earned and unearned income. For earnings, almost all states follow provisions in federal law specifying how much income to count. These provisions state that, for the first four consecutive months that an ADC recipient works, the program should disregard (not count) $30 and $90 in work expenses; one-third of the remaining countable earnings; and up to $175 per child in day care ($200 for those under 2). From the fifth to the twelfth month, the one-third of income previously disregarded is now counted, and after the first year the recipient loses the $30 disregard as well.

Iowa will apply vastly different disregards than federal law. If someone has earned less than $1,200 in the last year, the program disregards all of the first four months of earnings. After these four months and right away for those who do not qualify for the disregard, the ADC program disregards up to 20 percent of earnings as work expenses, child care costs up to that allowed by federal law, and 50 percent of all the remaining countable earnings. These disregards allow recipients to receive increased benefits and to remain eligible longer.

Charts 6 and 7 show the impact of Iowa's reforms on the disposable income of two different hypothetical ADC recipients. These recipients have been working long enough that they are no longer eligible for the earned income disregards or transitional child care or Medicaid available under the previous ADC law.

The recipients have work expenses equal to the maximum amount permitted by the ADC program and child care costs equal to 20 percent of earnings. (The average monthly child care costs in all ADC cases in Iowa is $160.) They receive federal Earned Income Tax Credit refunds in equal amounts and Food Stamps, up to $14,000 in income.

While the charts do not include any computation of health care costs, the existence of these health care costs may further increase the difference in disposable income for families with incomes between $8000 and $17,000. Under the new system, these families will be eligible for Medicaid and nearly free comprehensive medical care. Under the old system, their children are likely to be eligible for Medicaid, but the adults would not be covered. Even if employed in a job providing health benefits, it is likely they would incur significant medical costs through co-payments and deductibles.

As the charts show, a recipient who would no longer have been eligible for benefits after earning $8000 annually may now continue to receive them up to $17,000. (Some families may lose ADC benefits earlier, if they have lower work and child care expenses.) At almost all levels, ADC benefits are also higher for the family that receives the new income disregards. In addition to receiving these benefits, households receiving ADC will continue to receive Medicaid.

Chart 6
Sources of disposable income Iowa 1994, without earnings disregards.

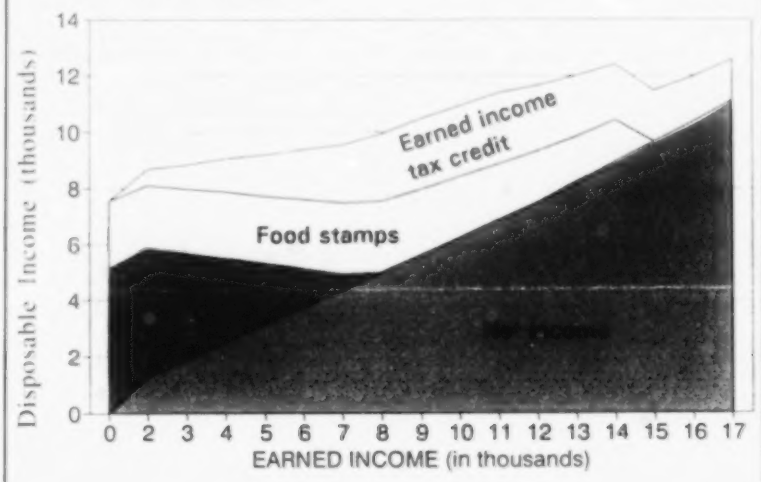
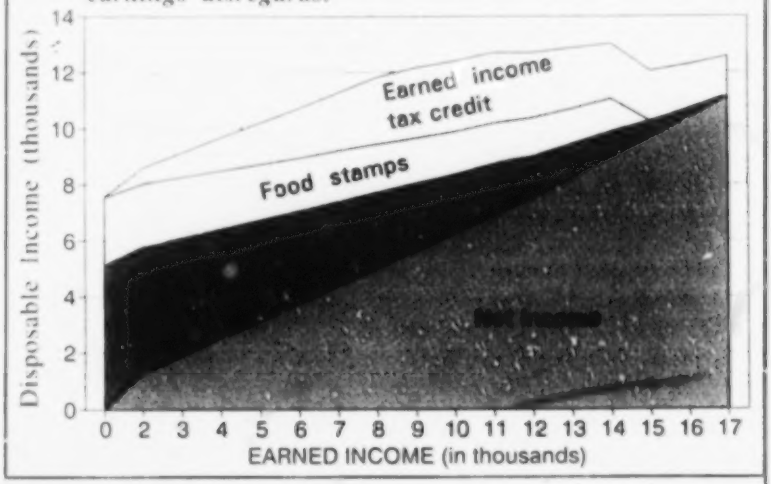


Chart 7
Sources of disposable income Iowa 1994, with earnings disregards.



BEST COPY AVAILABLE

Iowa's welfare reform: No easy answers

While the 1993 reforms create a smoother economic path out of poverty for ADC families, they do so in ways that raise important cost issues.

As discussed earlier, the disregards allow working recipients to *receive higher ADC benefits and remain eligible longer.* The prospect of better benefits and health insurance may also *draw more people into the ADC program.*

Impact on current recipients

One of the primary assumptions of the Family Investment Program is that many recipients do not work because of the former ADC program's high "tax on earnings." The new program reduces this disincentive to work by allowing most recipients who work to keep more of their earnings. (See Chart 5).

To the extent that they actually encourage recipients to work more, the new earned income disregards will reduce the costs of ADC. Program savings will be especially great where recipients encouraged to work more by the new disregards earn enough to leave ADC.

Whether the earned income disregards will result in lower welfare payments to current recipients is uncertain. This is because other factors than earnings disregards may have as much or more effect on how much recipients work. Many recipients may not work because of their lack of marketable skills, the absence of any available jobs, the reluctance of employers to hire them, or the demands of childrearing.

Even when employed, a number of families receiving ADC will continue to receive substantial welfare benefits. For her to exit the ADC program, the hypothetical mother of two discussed in insert 3 would have to earn approximately $8.00/hour at a full-time job. Even when mothers secure employment, this earning level is not likely to occur soon, given both the limited skills of many recipients and the absence of high-paying jobs available to them.

Instead, what may happen is that recipients who would have worked their way off the old program will remain on the Family Investment Program because of the more generous disregards. As a result, the new earnings disregards may end up being more effective in providing financial support to working low-income people than reducing the number of people on ADC.

Impact on newly eligible families

Issues of cost further arise from how the new program eases income eligibility requirements for those applying for ADC. Indeed, the way Iowa is applying its new income disregards will likely draw new families into the program. Iowa applies its earned income disregard to determine the initial eligibility of applicants for ADC, and not just the continuing eligibility of those already on the program. As a result, many low-income working families will now be eligible for ADC who were not eligible under the previous law.

The new earnings disregards may end up being more effective in providing financial support to working low-income people than reducing the number of people on ADC.

How many of these families will actually apply for and receive ADC is uncertain, but the number may be substantial. According to 1989 census data, there were over 36,000 Iowa families with incomes between $10,000 and $17,500 -- representing 10 percent of all families with children in this state. Most of these families will now, for the first time, have incomes low enough to be eligible for ADC.

Whether a family applies for and receives ADC will depend on a number of factors, such as its resources and child care costs, its knowledge of potential eligibility for ADC, and the desirability of going on the program.

The positive benefits will be that these families who had constituted "the working poor" in Iowa will be more economically secure, particularly because they will have access to comprehensive health care under Medicaid. This security, however, will not come without a cost to the state.

Implications for training & support

The legislation will increase up-front costs because of *the need to expand funding to pay for the education or job training, child care, and case management services needed to help recipients of ADC secure employment.* In recent years, Iowa has provided such support to only a small proportion of recipients of ADC. As a result of limited state appropriations, the state spent only two-thirds of the federal funds available to it in fiscal 1992 to pay for recipient education, training, or job placement. These funds provided support for less than one-fourth of all Iowa recipients of ADC.

Even after a family completes training and education and goes to work, costs of subsidizing employment may be substantial. For example, a mother of two young children staying at home to care for those children now receives a $426 monthly cash grant. If she goes to work at a minimum wage job ($9,000) and expends $350 in monthly child care costs, her ADC grant would be $300 or $126 less than the state pays a non-working family.

At the same time, the state must spend substantially more on supervision and case management, as well as increased case record auditing and tracking. As a result, the overall costs to the state for subsidizing such employment may not be much less than providing a cash grant to a mother staying at home. For example, in the state's highly regarded Family Development and Self-Sufficiency Program, the costs of case management and family development to help families develop and achieve self-sufficiency plans averages more than $100 monthly, although it is designed to be significantly less intensive and expensive under the reforms.

In applying for the federal waiver, the state projected overall cost savings from the program over a ten-year period. For this to occur, given the additional costs for expanded eligibility, new disregards, and increased training, most families receiving ADC must take much more effective steps to achieve economic self-sufficiency than they had been able to do under the old program.

Conclusion

Iowa's welfare reform efforts represent a significant step in addressing a number of societal issues that go much beyond the welfare system. In this complex world, however, public actions often have consequences beyond the specific issue they try to address. Such is the case with welfare reform.

There are no easy answers to important questions of child poverty, single parents, and welfare reform. The questions are so important, however, that they should not be ignored.

Welfare reform is a component, but only one component, of a family self-sufficiency strategy. If welfare reform efforts are to truly succeed, society has to address the needs of all low and moderate income families for achieving economic security through employment. This is a structural issue that relates back to creating enough jobs with family sustaining wages and, where necessary, to providing limited support through such broad-based programs as earned income tax credit and subsidized child care.

Economic development and welfare-to-work strategies must be closely linked, particularly in economically distressed neighborhoods and communities.

If the pool of jobs that can provide family-sustaining wages is not increased, any employment gains from securing positions for ADC recipients will be offset by losses in employment opportunities for other adults who are seeking to raise families. Economic development and welfare-to-work strategies must be closely linked, particularly in economically distressed neighborhoods and communities.

Finally, it must be recognized that ADC ultimately is a program for and about children. If all families receiving ADC went to work tomorrow, as required by the new law, assuming no dislocation of other workers, the Iowa labor force would be expanded by 2.2 percent. Eighteen percent of all children under six in Iowa live in households receiving ADC. These children are at substantially higher risk than the population as a whole of starting school unready to learn and experiencing other problems down the road.

The long-term vitality of Iowa society rests with the skills that those children develop for eventual participation in the 21st century workplace. A parent's attachment to the labor force can have a positive impact upon child development, both by increasing family income and providing a more self-sufficient home atmosphere. Nonetheless, for society's future, it may be more important how children in ADC households progress developmentally than how their mothers perform in the workplace.

The current reforms do not totally address concerns about how the developmental needs of children in households receiving ADC will be met, although they have the potential to do so. If the family investment agreements are broadly interpreted to recognize developmental supports to children as important family goals, Iowa's program has the potential to meet this objective. At the same time, needs of children may impact upon a family's ability to secure employment. A larger vision of welfare reform should recognize the primary role parents play in nurturing their children and the time and effort this requires. Full-time employment may not be a viable option for many ADC families, particularly those with very young children.

The key to the success of Iowa's reform effort will be in the flexibility it offers to respond to unique family circumstances and needs in order to insure that children receive the developmental support they need to start school ready to learn.

For society's future it may be more important how children in ADC households progress developmentally than how their mothers perform in the workplace.

Poverty videotape available

The Iowa State University Extension Service is now offering a videotape, *"At the bottom of the ladder: Families facing poverty."* This video shows the extent of poverty among rural and urban, single-and two-parent families with children. It features interviews with families who discuss their problems, including disincentives that exist in the current welfare system.

For more information, contact Cynthia Needles Fletcher, Human Development and Family Studies Extension, 52N LeBaron Hall, Iowa State University, Ames, Iowa 50011.

Iowa Kids Count Quarterly

Editor: **Mike Crawford**
Associate Editor: **Karol Crosbie**

Iowa Kids Count Quarterly is a publication of the Iowa Kids Count Project. The Project is a collaborative effort of the Child and Family Policy Center, the Iowa State Library, the Iowa Commission on Children, Youth and Families, and the Iowa State University Extension Services, with assistance from the Iowa Department of Human Services and the Governor's Policy Academy.

Iowa Kids Count Quarterly will provide information both about work undertaken by the Project and other important information on trends in child well-being.

Updates on research and data development activities of interest to Iowans on child and family issues will continue to be included. Persons wishing to have a description of their projects in included in an upcoming *Iowa Kids Count Quarterly* should contact Mike Crawford, 515-280-9027

Iowa Kids Count Project
Child and Family Policy Center
100 Court Avenue, Suite 312
Des Moines, Iowa 50309

Nonprofit Org.
U.S. Postage
PAID
Des Moines, IA
Permit No. 4032

IOWA
KIDS COUNT

BEST COPY AVAILABLE

IOWA KIDS COUNT

Iowa Kids Count Quarterly

Summer 1994

This special report of the Iowa Kids Count Initiative presents ten-year trend data on Iowa general fund spending between FY 1983 and FY 1992, with particular emphasis upon programs serving children and families. Victor Elias and Charles Bruner of the Child and Family Policy Center conducted the analysis. The analysis shows the critical need to invest in prevention strategies if the twin goals of meeting the needs of children and families and controlling state spending are to be met.

State Budget Trends — Implications for Prevention

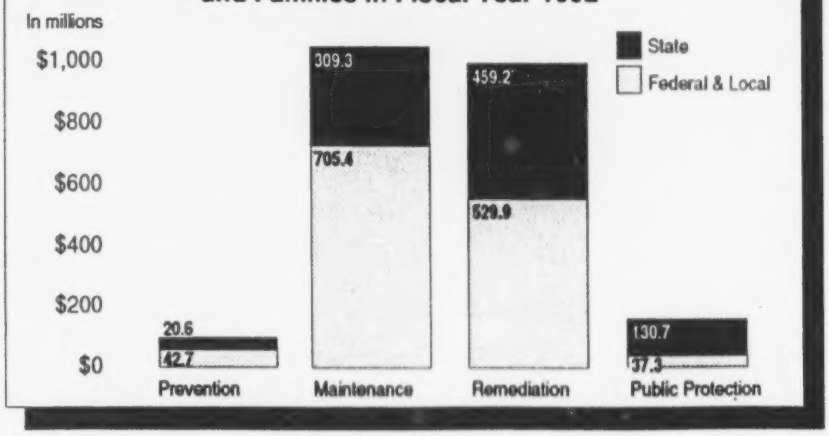
The 1993 Kids Count framework paper, *Investing in Families, Prevention, and School Readiness,* examined public expenditures on children and families in Iowa for fiscal year 1992. Looking at state, county, school district, and federal spending, *Investing in Families* showed the current status of public spending on prevention-oriented services, contrasting these with spending on remediation, maintenance, and public protection.

As Chart One shows, less than three percent of non-education public spending for children and families was devoted to prevention and early intervention services, with over 97 percent devoted to addressing concerns that were, at least in part, preventable.

This report extends the analysis in *Investing in Families* a step further, by examining long-term trends in state spending. While there has been much discussion of the growth in state spending over the last decade — and the need to contain state spending and provide tax relief — there has been limited discussion of the reasons for state budget growth or the areas within the state budget that have grown most rapidly.

Chart One

Public Non-education Spending on Children and Families in Fiscal Year 1992



Source: *Reinventing Common Sense,* Kids Count Data Book, 1994

Kids Count staff compared state general fund spending in FY 1983 with that in FY 1992, first with respect to overall economic indicators and then across a variety of different programs, departments, and budget line items. Between 1983 and 1992, there also were two major changes in state and local funding responsibilities. First, through court reorganization, the state took responsibility for almost all court spending, assuming significant costs that had been borne by county property taxes. Second, changes in the school aid formula increased the state's share of spending for local schools. In both instances, Kids Count staff distinguished between state expenditure increases that were the result of increased state funding commitments (and reduced property tax obligations) from those that funded actual court or local school spending growth. The following is a discussion of the results of this analysis.

General Fund Growth

As Table One shows, between 1983 and 1992, annual Iowa general fund spending increased from $ 1.9 billion to $ 3.2 billion, or 67.8 %. This is roughly equivalent to the growth in the state's overall economy. During the same period, the gross state product rose by an estimated 71.2 % and total personal income grew by 64.8 %. In short, the growth in state general fund spending was roughly equal to the growth in the state's overall tax capacity. When those state expenditures that constitute property tax relief and replacement are factored out, state budget growth was 57.1 %, well below the growth of Iowa's economy as a whole.

At the same time, however, state spending grew at a faster rate than the consumer price index (CPI), which rose 41.3 % during that decade. State government should have been able to purchase more over the decade because its growth rate was greater than the CPI.

Differences in Fund Growth Across Programs

Overall state general fund expenditures only tell a small part of the story, however. At the same time general fund expenditures grew by 67.8 %, some programs grew much more dramatically than others.

Table Two provides a breakdown of state expenditures across major program areas, particularly those dealing directly with children and families.

The first three columns in Table Two present expenditures on a program or line item basis for FY 1983 and FY 1992, and show the percentage change in spending across the decade. The last three columns portray each program or line item as a percentage of overall general fund spending in FY 1983 and FY 1992, and the difference in that percentage over the decade. Therefore, the last column provides an indication of the change in spending priorities over the decade.

Trend Analysis

Between FY 1983 and FY 1992, several important trends emerge:

- o property tax relief and replacement has become an increasing part of state general fund spending;
- o spending to support K-12 education and higher education at the Regents institutions has declined significantly over the decade as a proportion of state general fund spending;
- o areas of highest "service" spending growth generally have been for "crisis" remediation, institutional, and public protection services; and
- o growth in other government spending has been very small and, consequently, now assumes much less of the state budget.

The latter two trends deserve additional explanation and discussion. The following provides additional information and analysis of the areas which have increased or decreased their share of general fund spending most significantly.

Areas of highest general fund spending growth. Outside of property tax relief and replacement, three of the four areas that grew the most as a proportion of overall state spending involved remediation and public protection

Table One

Changes in Iowa General Fund Expenditures and Iowa Economic Environment, 1983-1992

Item	FY 1983	FY 1992	Change
Gross State Product	$36,178,000	$61,924,500	71.2%
Total Personal Income	$31,621,750	$52,102,750	64.8%
Consumer Price Index	97.6	137.9	41.3%
General Fund Revenue	$1,899,900	$3,345,300	76.1%
General Fund Expenditures	**$1,909,826**	**$3,204,115**	**67.8%**
Excluding Property Tax Relief	$1,705,625	$2,712,869	57.1%

Gross State Product for FY 1992 is estimated

Gross State Product, Total Personal Income, General Fund Revenue, and State Expenditures are in thousands of dollars.

Table Two

Changes in Iowa General Fund Expenditures and Share of State Spending, by Spending Category, 1983–1992

in Thousands

Category	FY 1983 Expenditures	FY 1992 Expenditures	Change in Expenditures from FY'83 to FY'92	As a Percent of FY'83 Budget	As a Percent of FY'92 Budget	Change as a Percent of Budget From FY'83 to FY'92
EDUCATION						
K-12 Aid for Budget Growth (1)	$632,649	$998,656	57.9%	33.1%	31.2%	-2.0%
College Aid	$17,484	$39,257	124.5%	0.9%	1.2%	0.3%
Merged Schools	$64,756	$101,855	57.3%	3.4%	3.2%	-0.2%
Regents	$322,531	$473,639	46.9%	16.9%	14.8%	-2.1%
Other Education	$22,242	$25,494	14.6%	1.2%	0.8%	-0.4%
Education Total	$1,059,661	$1,638,901	54.7%	55.5%	51.1%	-4.3%
JUSTICE SYSTEM						
Corrections	$59,213	$116,579	96.9%	3.1%	3.6%	0.5%
Judiciary (2)	$13,262	$17,169	29.5%	0.7%	0.5%	-0.2%
Justice/Transportation/Law Enforcement	$45,339	$64,489	42.2%	2.4%	2.0%	-0.4%
Justice System Total	$117,814	$198,237	68.3%	6.2%	6.2%	0.0%
HEALTH AND HUMAN RIGHTS	$22,182	$36,691	65.4%	1.2%	1.1%	0.0%
HUMAN SERVICES						
Medicaid	$121,348	$258,605	113.1%	6.4%	8.1%	1.7%
ADC	$57,552	$44,578	-22.5%	3.0%	1.4%	-1.6%
Facility Based Services (SSA, MHI, Hospital School, Veterans Home)	$87,715	$156,938	78.9%	4.6%	4.9%	0.3%
Child Welfare	$31,757	$94,842	198.6%	1.7%	3.0%	1.3%
Child Care	$0	$7,418	New	New	0.2%	New
Field Operations	$18,621	$39,034	109.6%	1.0%	1.2%	0.2%
Other Human Services	$15,128	$22,868	51.2%	0.8%	0.7%	-0.1%
Human Services Total	$332,121	$624,282	88.0%	17.4%	19.5%	2.1%
PROPERTY TAX RELIEF						
K-12 Aid for Property Tax Relief (1)	$0	$208,966	New	New	6.5%	New
Court Reorganization (Judiciary) (2)	$0	$57,006	New	New	1.8%	New
Homestead	$94,344	$99,606	5.6%	4.9%	3.1%	-1.8%
Ag. Land	$43,500	$41,398	-4.8%	2.3%	1.3%	-1.0%
Other (Livestock, Personal Property, Elderly, Military, Moneys/Credits.)	$66,357	$84,270	27.0%	3.5%	2.6%	-0.8%
Property Tax Relief Total	$204,201	$491,246	140.6%	10.7%	15.3%	4.6%
O.P.P. PROGRAMS - ECONOMIC DEVELOPMENT	$3,264	$28,343	768.2%	0.2%	0.9%	0.7%
GENERAL GOVERNMENT/OTHER	$170,583	$186,414	9.3%	8.9%	5.8%	-3.1%
GRAND TOTAL	$1,909,826	$3,204,115	67.8%	100.0%	100.0%	
GRAND TOTAL NOT INCLUDING PROPERTY TAX RELIEF	$1,705,625	$2,712,869	59.1%	89.3%	84.7%	-4.6%

NOTES

(1) FY 1983 includes all School Foundation Aid. FY 1992 estimates the amount of school aid attributed to the increase in K through 12 spending. School Foundation property taxes were compared for FY 1983 and FY 1992 in calculating how m of the increase in K through 12 spending may be attributed to budget growth, and how much to property tax relief.

(2) According to the Supreme Court Administrator's Office $57,006,000 of the FY 1992 expenditures result from Court Reorganization, where the state assumed most court costs from counties. Because of this, only $17,169,000 is attributed t Judiciary costs in FY 1992. The remaining $57,006,000 of Judiciary costs are attributed to property tax relief.

services — Medicaid, corrections, and child welfare services. Only the increases in spending on economic development activities could be considered investments in the future, rather than expenditures to address needs in the present or consequences of failures to act preventively in the past.

Medicaid. Spending on Medicaid grew most dramatically, more than doubling in dollar terms and increasing its share of the state general fund spending by 1.7% of total state spending. While there were expansions of service to more children and pregnant women, in particular, the vast bulk of the $ 127 million in increased state spending was attributed to hospital, skilled nursing facility and nursing home care, institutional care for persons with mental retardation, and physician and pharmaceutical services associated with hospitalization and institutionalization. These constituted nearly 80.0 % of the $ 127 million in increased state spending.

As an illustration of one area of rapid growth, between 1985 and 1990 alone, payments for the psychiatric and substance abuse treatment hospitalization of children rose from $ 9.28 million to $ 23.94 million — a 157.9 % rise in five years. While data for the psychiatric hospitalization of children is not available for the full ten-year period, it is expected that the decade-long rise would be well in excess of the increase over these middle five years.

Meanwhile, the two Medicaid services most associated with prevention remained extremely small portions of the overall Medicaid budget. Spending on family planning increased by less than the inflation rate, from $ 303,300 in FY 1983 to $ 423,450 in FY 1992. Despite the increase in the number of children eligible for Medicaid, state spending on Early Periodic Screening, Diagnosis and Treatment (EPSDT) services for children also grew modestly, from $ 374,170 in FY 1983 to $ 552,450 in FY 1992.

While much of the increase in Medicaid spending is the result of medical inflation (during the decade the increase in the medical services component of the CPI was 105.5 %), some also is a consequence of the high costs of providing institutional treatment and remediation services, some of which are preventable through the earlier provision of health and human services.

Three of the four areas that grew the most involved remediation and public protection services — Medicaid, corrections, and child welfare services.

Child Welfare. Rising at an even steeper rate than Medicaid and nearly tripling over the decade were expenditures on child welfare services. Including foster care and Psychiatric Medical Institutions for Children (PMIC facilities) and home-based and family preservation services, state child welfare spending increased from $ 31.8 million in FY 1983 to $ 94.8 million in FY 1992. As with Medicaid, the majority of this spending is on residential and institutional care for children who cannot remain at home. Spending is for remediation services, rather than for prevention. While the state instituted a "cap" on residential placements of children into foster care in 1993, this does not reduce the level of need for services that abused, neglected, and delinquent children have, as the next section will show.

Corrections. State spending on corrections (prisons, community corrections, and juvenile institutions) nearly doubled during the decade, rising from 3.1 % of general fund spending in FY 1983 to 3.6 % of spending in FY 1992. Unlike the foster care system, where there have been efforts to contain institutional costs, actions taken by the General Assembly in 1994 have supported new prison construction. The share of state general fund spending on corrections is expected to continue to increase. Iowa's growth in corrections spending has been lower than that of many other states, but it may well begin to assume a greater share of scarce state resources. Even more than with child welfare expenditures, spending on corrections clearly is "after-the-fact" spending to detain and control, rather than an investment in prevention and early intervention.

Areas declining as share of state general fund spending. At the same time that Medicaid, child welfare, and corrections have assumed an increasing share of state general fund spending, other spending areas have declined significantly, with declines most pronounced in the areas of Aid to Dependent Children (ADC) spending, K-12 education, higher education at the Regents institutions, and general government spending.

Aid to Dependent Children. The common impression is that state spending upon public welfare, and particularly upon the ADC program, has grown dramatically, to the point that it is "out of control." In fact, however, general fund spending on payments to ADC families has declined by 22.5 % over the decade. The share of state general fund spending devoted to payments to families on ADC was less than half as much in 1992 as in 1983.

Education. While spending on education has grown across the decade, the rate of growth has been smaller than for state spending as a whole. As a result, both spending on local schools (K-12 education) and on the Regents institutions has declined as a proportion of the overall state general fund spending. Spending on education declined from 55.5 % of the general fund in FY 1983 to 51.2 % of the general fund in FY 1992. Within this decline, K-12 education has reduced its share of state general fund spending by 1.9 %, and the Regents institutions have reduced their share by 2.1 %.

General government. Most pronounced in the reduction in the share of state general fund spending was that for other general government purposes. This includes spending for administrative and regulatory agencies, including the departments of Personnel, General Services, Management, Finance, Conservation, Natural Resources, Financial and Insurance Regulation, and the offices and departments of the Attorney General, Treasurer, Secretary of Agriculture, Secretary of State, General Assembly, and office of the Governor. In FY 1983, spending on these other general government responsibilities accounted for 8.9 % of the state budget. By FY 1992, that had declined to 5.8 %. Non-regents state employees declined by 13.6 % — from 21,676 FTEs in 1983 to 18,730 FTEs in 1992.

As has occurred in the private sector, this reflects an overall "downsizing" of state government and reduction in the state workforce. These figures dispel any notions that Iowa's "bureaucracy" has grown dramatically over the decade.

Spending and Service Demand

Many of the shifts in funding emphasis that have occurred over the last decade are the result of increases in societal problems that require immediate response. Both the growth in child welfare spending and spending on corrections, for instance, correspond to increases in the number of identified problems (child abuse and neglect, juvenile and adult arrests, and crime rates) and to the response of placing youth in foster care and adults in prisons. Table Three shows ten-year trend figures that reflect these demands for child welfare and corrections responses.

In child welfare, there was a pronounced increase in both the number of founded cases of child abuse and neglect over the decade (from 4,510 in 1983 to 7,930 in 1992) and in the number of children placed into foster care or PMICs (from 2,957 in 1983 to 4,361 in 1992).

As for corrections, the adult inmate population in the state's prisons grew from 2,675 inmates to 4,485 inmates. The number of arrests for so-called "index crimes," a measure of the level of both juvenile and adult criminal activity, grew during the same period from 18,948 reports in 1983 to 25,275 reports in 1990 (a change in reporting methods invalidates a comparison with 1992 crime statistics).

Many of the shifts in funding emphasis that have occurred over the last decade are the result of increases in societal problems that require immediate response.

While it is difficult to point as clearly to the "demand" factors increasing Medicaid's share of the budget, the previous spending figures for psychiatric and substance abuse treatment of children indicate that pressing social problems have contributed to Medicaid's growth as well. The rise in the number of psychiatric and substance abuse treatment hospitalizations of children over the 1985 to 1990 period was pronounced, from 2,117 admissions in 1985 to 3,240 in 1990, a growth of more than 50.0 %. Even more pronounced was the rise in the rate of hospitalizations of young (six- to 12-year-old) children, which grew 178.3 % during that period, from 258 to 718.

At the same time that spending in these areas reflected increased demands for crisis-oriented care, remediation services, and incarceration, the declines in relative spending for other programs serving children and families were not simply the result of diminished service need.

The dramatic decline in state spending on ADC payments was not the result of fewer individuals applying for assistance. In fact, the number of individuals receiving ADC benefits increased slightly over the decade, from 98,626 to 102,098. State spending, however, declined for three important reasons. First, the state provided only modest increases in ADC payments, well below the rate of inflation. Second, the federal government increased its contribution rate to ADC payments. Third, child support recoveries rose, reducing the proportion of the payment required from the ADC program.

From the perspective of ADC families, state spending has not kept pace with family need. The actual cash value of ADC benefits (adjusted for inflation) has been reduced by 16.3 %. The result has been that many poor families with children, particularly those with very young children, have had less discretionary income.

Spending on education can be variously interpreted. The overall share of state spending on K-12 education declined by 5.9 % over the decade, although the decline in school enrollment over that period was only 2.8 %. The overall share of general fund spending for the Regents institutions declined by 12.5 % over the decade, although enrollment declined by less than 1.0 %.

On the one hand, spending on education has increased over the decade more than the rate of inflation. Therefore, schools and universities have seen their per pupil expenditures increase relative to inflation, which could be viewed as an increased commitment by the state to education. On the other hand, the relative share of the overall state budget devoted to education has declined. If the state had maintained its relative level of commitment to education over the decade and per pupil spending had increased at the same rate as state economic growth, state expenditures on education would have been higher than they are today.

Table Three

Changes in Demand for Public Services and State Spending Growth, Selected Areas, 1983–1992

Program Area	*FY 1983*	*FY 1992*	*Change*
Child Welfare			
Founded Abuse/Neglect	4,510	7,930	75.8%
Out-of-Home Placements	2,957	4,361	47.5%
General Fund Expenditures (in thousands)	$31,757	$94,842	198.6%
Share of Total General Fund	1.7%	3.0%	78.3%
Corrections			
Index Crimes, Adults	11,855	17,557 (1)	48.1%
Index Crimes, Juveniles	7,093	7,718 (1)	8.8%
Index Crimes, Total	18,948	25,275 (1)	33.4%
Prison Inmates	2,675	4,485	67.7%
Number Served in Community Corrections	23,025	35,204	52.9%
General Fund Expenditures (in thousands)	$59,213	$116,579	96.9%
Share of Total General Fund	3.1%	3.6%	17.4%
ADC			
Total ADC Recipients	98,626	102,098	3.5%
ADC Benefit for Family of Three	$360	$426	18.3%
General Fund Expenditures (in thousands)	$57,552	$44,578	-22.5%
Share of Total General Fund	3.0%	1.4%	-53.8%
K-12 EDUCATION			
Fall Student Enrollment	505,582	491,363	-2.8%
General Fund Expenditures (in thousands)	$632,649	$998,656	57.9%
Share of Total General Fund	33.1%	31.2%	-5.9%
REGENTS INSTITUTIONS			
Student Enrollment	60,654	60,190	-0.8%
General Fund Expenditures (in thousands)	$322,531	$473,639	46.9%
Share of Total General Fund	16.9%	14.8%	-12.5%

(1) These numbers are for 1990. After 1990 Public Safety changed the way statistics are kept. In addition it is known that the numbers for 1992 are under reported. The information for 1992 includes arrests for all crimes, not just index crimes. Index crimes include: murder, non-negligent manslaughter, rape, robbery, aggravated assault, burlary, larceny (includes shoplifting), and motor vehicle theft.

Conclusion

In many respects, these trends in state general fund spending correspond to trends in the well-being of Iowa's children and families. Areas of major spending growth have been directed to meeting the needs of children and families "after the fact," or in protecting society from delinquent and criminal behaviors.

It is, of course, possible to contain these costs in a variety of ways. In recent years, the state has taken substantial action to gain control over child welfare and Medicaid spending, although that has not been the case with spending on corrections.

Simply containing these costs without addressing underlying issues giving rise to these service needs cannot be a long-term solution, however. Such measures will prove ineffective if demand for such services continues to climb. Child, family, and societal well-being will suffer if the real needs of families and children in crisis are not met.

At the same time, the most effective means for reducing this need and the attendant social costs is to invest in effective prevention services.

The implications for the future are clear. Spending on remediation, public protection, and social control are likely to increase unless more emphasis, and funding, is devoted to prevention. The conversion to an investment, as opposed to a remediation, approach to budgeting is needed to control state spending while meeting the needs of Iowa citizens.

The implications for the future are clear. Spending on remediation, public protection, and social control is likely to increase unless more emphasis, and funding, is devoted to prevention. The conversion to an investment, as opposed to a remediation, approach to budgeting ultimately is needed to control state spending while meeting the needs of Iowa citizens.

NOTE: All the information here is based upon official state records of general fund spending. The figures do not take into account any state spending over previous year's spending that was a consequence of "creative accounting." By FY 1992, some estimated that the state had created a state deficit of over $ 300 million through not following generally accepted accounting procedures (GAAP) and deferring spending obligations into future fiscal years. It is not possible to incorporate a precise estimate of the impact of this practice within the analysis here. A relevant methodology would be to identify the growth in the GAAP deficit from the previous year for both FY 1983 and FY 1992 and gain a "true" picture of state general fund spending in each of these years. While the overall GAAP deficit estimate is large, any one year's contribution to that deficit is likely to be small relative to the total budget (e.g. $ 20 million to $ 30 million) and to constitute less than 1.0 % or 2.0 % of that year's general fund spending. The inclusion of such an estimate would not affect the analysis presented here in any significant way.

National Kids Count Data Book Released

The 1994 *National Kids Count Data Book*, released April 25th, indicates that while the overall well-being of Iowa children ranks among the top in the country, the well-being of many young Iowans deteriorated during the second half of the 1980's.

Overall, the *Data Book* ranked Iowa sixth among the fifty states. With respect to trends in child well-being, however, Iowa did not fare so well. Between 1985 and 1991, the years of analysis in the national study, the teen unmarried birth rate in Iowa increased 54 percent, more than double the national increase of 20 percent.

During the same period, the percentage of low birthweight babies born in Iowa increased 11 percent, nationally the increase was four percent, and the percentage of teens graduating on time decreased 11 percent, nationally the decrease was four percent.

The *Data Book* also reports that one percent of Iowa children live in neighborhoods identified as severely distressed, according to an analysis of 1990 census data. The one percent, which amounts to approximately 7,500 children, are growing up in neighborhoods characterized by high rates of poverty, female-headed families, high school dropouts, unemployment and reliance on welfare. The poverty rate for children in these neighborhoods is an alarming 57 percent.

The *National Kids Count Data Book* is produced annually by the Annie E. Casey Foundation. Through 1994, the Casey Foundation has awarded Kids Count grants in 46 states and the District of Columbia.

Blueprint for Iowa's Young Ratified— Public Education Campaign Begins

On June 29, participants at the second Kids Count Summit overwhelmingly ratified the *Blueprint for Iowa's Young*. The Blueprint calls for Iowa to make a $33.8 million investment in a statewide initiative for families with young children.

Ratification of the *Blueprint* followed seven months of work group activity in which hundreds of Iowans participated. These work groups developed the guidelines under which funds should be invested. The resulting *Blueprint* is based on the following principles: community-designed and owned, voluntary, family-centered, fostering family responsibility, accountable to achieving results, and committed to quality improvement.

Over 200 Iowa leaders attended the Kids Count Summit and 97.0% endorsed the *Blueprint*. Ninety percent indicated that the *Blueprint* should be one of the top three issues by which the next General Assembly is evaluated and one-third indicated it should be the highest priority of the next General Assembly.

The Summit completes the development phase of the *Blueprint* and kicks-off the public education phase. The following publications that describe the investment initiative are available through Iowa Kids Count:

- the principles and guidelines for implementation of an investment, *A Blueprint for Iowa's Young;*
- the framework paper providing the rationale for a $33.8 million commitment, *Investing in Families, Prevention, and School Readiness;* and
- the Kids Count data book providing a synopsis of the framework paper, descriptions of effective Iowa prevention programs, and trends in the well-being of Iowa children, *Reinventing Common Sense.*

Individuals interested in participating in the public education campaign should contact the *Blueprint* coordinator, Karon Perlowski, CFPC, 100 Court Avenue, Suite 312, Des Moines, Iowa 50309-2200.

Iowa Kids Count Quarterly
Editor: Mike Crawford

Iowa Kids Count Steering Committee:
Charles Bruner, Child and Family Policy Center (Chair)
Harold Coleman, Iowa Commission on Children, Youth, and Families
Beth Henning, Iowa State Library
Mary Nelson, Iowa Department of Human Services
Lesia Oesterreich and Karen Shirer, Iowa State University Extension Service

IOWA KIDS COUNT INITIATIVE
Child and Family Policy Center
100 Court Avenue, Suite 312
Des Moines, IA 50309

Non-Profit Org.
U.S. Postage
PAID
Permit No.4032

IOWA
KIDS COUNT

PS 022407

Iowa Kids Count Quarterly

Winter 1995

This special report of the Iowa Kids Count Initiative examines teen childbearing—an issue that has become the recent focal point for much public debate. The report examines trends in teen childbearing and its consequences; the extent to which it may be responsible for the recent growth in non-marital childbearing; and strategies for reducing its incidence. Stephen Scott, Charles Bruner, and Karon Perlowski of the Child and Family Policy Center conducted this analysis.

Teen Childbearing, Single Parenting and Society's Future

The large number of teens who give birth to children is one of this country's most troubling problems. Teenage childbearing is strongly associated with poor outcomes for both mother and child, including dropping out of school, unemployment, and welfare dependency for the mother, and low birthweight and lack of school readiness for the child. It imposes substantial maintenance, health care, and remediation costs upon society, approaching close to $50 billion annually in some estimates.

Teenage childbearing is strongly associated with poor outcomes for mother and child and imposes substantial maintenance, health care, and remediation costs upon society.

The perception that teenage childbearing is at the root of many of this country's social problems has led to many different proposals to reduce its incidence. This *Iowa Kids Count Quarterly Report* provides a perspective to assist in evaluating these proposals.

This report reviews the incidence of teen childbearing and how it has changed in the last three decades. It examines what studies show about teen childbearing's impact on mothers, children, and society. It discusses the dramatic increase in births to unmarried women generally, whether or not the mothers are teens. Finally, the report briefly describes different efforts to reduce the incidence of teen parenting and summarizes what is known about the effectiveness of these approaches.

The focus throughout is on the experiences of mothers and their children because data on fathers is scarce and sometimes unreliable. This does not mean, however, that society should ignore the role both teenage and older males play in teenage childbearing, the responsibilities they have to their children, and the need to design programs that result in change in their sexual behavior.

Chart One

Birthrates for U.S. and Iowa
Female Teens, by Age, 1960–1990

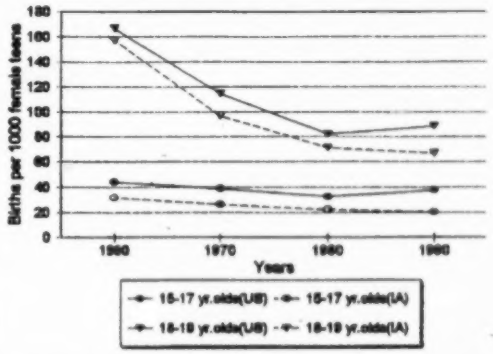


Chart Two

Birthrates for U.S. and Iowa
Female Teens, by Age, 1980–1992

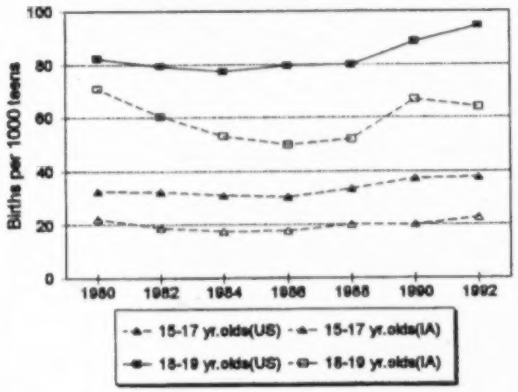
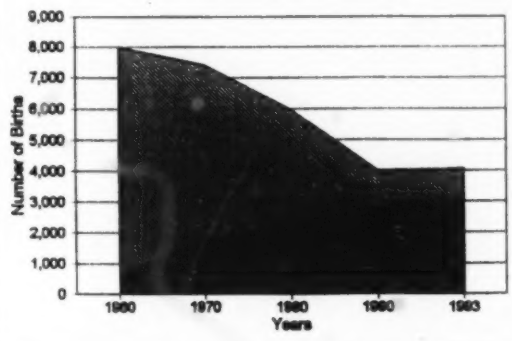


Chart Three

Births to Iowa Teen Mothers
by Marital Status, 1960–1993



Trends in Teen Childbearing

Teenage childbearing has sometimes been referred to as an "epidemic" in society, with the perception that its incidence is ever-increasing. In fact, the birthrates of U.S. and Iowa female teens are much lower now than three decades ago, having declined steadily for two decades before stabilizing in the early 1980s. While the teen birthrate has risen since the mid-1980s, it still remains well below the rate in 1970 (see Charts One and Two).

While teenage childbearing is sometimes referred to as an "epidemic," the birthrates of U.S. and Iowa female teens are much lower now than three decades ago.

In recent years, teen births have constituted a lower proportion of all births than previously. In 1992, 13 percent of all births nationally were to teenage mothers, down from 18 percent in 1970. Over that same time, the proportion of teen births to all births in Iowa likewise declined, from 15 to 10 percent (see Insert One).

This information may run counter to the belief of many because teenage childbearing has been such a focus of national attention. In reality, the major difference between today and three decades ago is that most teens who give birth now are unmarried, in contrast to the 1960s and 1970s, when teen mothers were usually married. In 1960, 15 percent of teen births in the United States were to unmarried women; by 1992, 70 percent were. In Iowa, the proportion of births to unmarried teen women increased even more dramatically, from 8 percent in 1960 to 79 percent in 1993, although the actual number of teen births declined (see Chart Three).

While it may not represent an "epidemic," the upsurge in teen childbearing since the 1980s is significant, especially because it includes younger, as well as older, teens (see Chart Two). In addition, regardless of trends, teenage childbearing is at a

Table One

Births per 1,000 Females Age 15–19 in the U.S. and Western Europe

Countries	1970	1980	1985	1989
Denmark	32	17	9	9
France	27	18	12	9
W. Germany	36	15	9	11
Netherlands	17	7	5	6
United Kingdom	49	31	30	32
United States	*68*	*53*	*51*	*58*
Iowa	*55*	*43*	*NA*	*41*

BEST COPY AVAILABLE

Insert One: The Rise in Births to Unmarried Women

The increase in births to unmarried women in the United States and Iowa represents a long-term trend of major concern, particularly given the much higher poverty rate of families headed by unmarried women. Over the last three decades, the proportion of children born to unmarried women has tripled in Iowa and the rest of the country (see Chart Four). In the minds of many, this trend is primarily linked to the substantial increase in births to unmarried teens described earlier. Analysis shows, however, that, while it has contributed to this increase, teen parenting is not the major factor in it.

As Chart Five shows, the number of births in Iowa to unmarried women of all ages has been growing over the last two decades, particularly among women age 20 to 24. While teen mothers are much more likely than older mothers to be unmarried, births to unmarried teens are a declining proportion of all the births to unmarried women. In 1970, births to unmarried teens represented 51 percent of all of the births to unmarried women in Iowa; by 1993, their proportion had declined to 35 percent.

Iowa's teens are also no longer the age group with the largest number of unmarried births; it is, instead, women age 20 to 24. In 1993 in Iowa, 3,511 women age 20 to 24 gave birth while unmarried, compared to 3,229 teens. In 1970, the comparable numbers were 1,220 for 20- to 24-year olds and 1,771 for teens.

Chart Four

Percent of Births to Women Who Are Unmarried, U.S. and Iowa

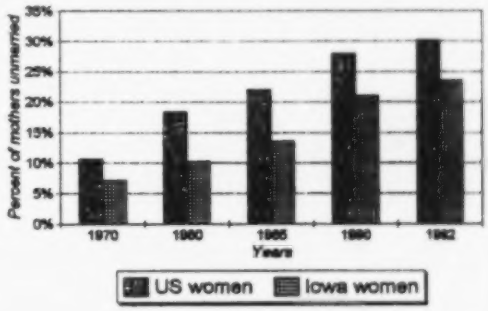
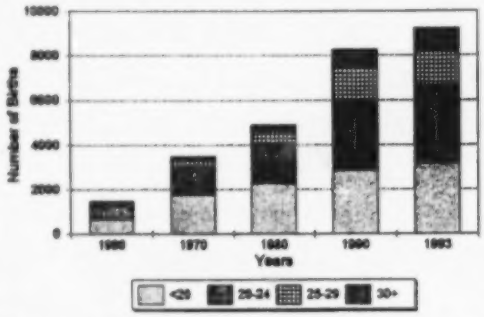


Chart Five

Births to Unmarried Women in Iowa, 1960–1993



uniquely high level in the United States compared to other Western industrialized countries. The birthrate among America's and Iowa's teens is substantially higher than that in other Western industrialized nations for which comparable figures are maintained, and the differences in birthrates have been increasing, rather than decreasing, over time (see Table One).

This is despite the fact that surveys indicate that the level of sexual activity among teen women in these countries is comparable to that in the United States.

The Consequences of Teen Childbearing

Obviously, these facts do not lessen the need to address the issue of teen childbearing. They simply indicate that the challenges America and Iowa confront regarding parenting extend beyond the teen years. Teen parenting is a particularly important issue, however, because of its known consequences to mother and child and to society.

The effect of childbearing on teen mothers and their children. Studies uniformly show that teen mothers complete high school or attend college less frequently than women who delay childbearing longer. Teen mothers are also less likely to secure full-time steady employment, to marry, or, if married, to remain so. As a result, teen mothers and their children are much more likely to be poor, to receive welfare, and to remain on welfare for longer periods of time than families of mothers who delay childbearing (see Insert Two).

The children of teen mothers also fare worse than those of mothers who start their families later. At the outset, children of teen parents are

BEST COPY AVAILABLE

more likely to be born at low birthweight and they are more likely to be victims of child abuse and neglect. Their school performance is significantly worse, including higher rates of repeating grades, being suspended or expelled, and dropping out. Indeed, researchers who studied the families of more than 400 Baltimore teen mothers, characterized the children's academic performance as "massive school failure." Children of teen mothers also are more likely to repeat the parent's cycle of early childbearing and subsequent poverty and welfare dependence.

It is unclear whether the greater problems that families of teen mothers face result largely from early parenting itself or from the pre-existing disadvantages of many of the teens who become mothers. Teen mothers are much more likely to have grown up in economically disadvantaged families, come from inner city neighborhoods or isolated rural communities, and be medically and educationally disadvantaged. They also are more likely to have lower academic achievements and aspirations.

The comparative disadvantages of many teens who become mothers would presumably exist even if they postponed becoming parents. Indeed, studies find that the differences in the underlying backgrounds of teen mothers are at least partially responsible for the subsequent disadvantages of their families.

Nonetheless, most studies find that the effects of becoming a teen mother are still sizeable, even after accounting for these original differences in backgrounds.

The societal costs of teen childbearing. As Insert Two shows, teen mothers are far more likely to receive public assistance than those who postpone childbearing. While most families receiving welfare are not headed by teenagers (less than 10 percent in Iowa), almost half of all families receiving welfare began with a teen birth. By contrast, according to one national study, between one-quarter and one-third of all families began with a birth to a teen mother.

Teen mothers and their children are much more likely to be poor, to receive welfare, and to remain on welfare for longer periods of time than families of mothers who delay childbearing.

According to a widely cited study by Advocates for Youth (formerly the Center for Population Options), the cost to the federal government of providing financial support (welfare and food stamps) and health care (Medicaid) to families that started with a teen birth totaled $34 billion in 1992. After adding what the states also paid as their portion of the cost of these programs, the total amount of support approached $50 billion in that year.

These national figures both overstate and understate the costs of teen childbearing. In terms of overstatement, they do not account for the fact that many women who give birth as teens are so disadvantaged that they would probably still need public support even if they delayed childbearing until later in life. In terms of understatement, the figures do not include remedial child welfare, social service, and educational costs that arise from the disadvantages of teen families, nor do they reflect lost earnings opportunities.

Insert Two: Teen Parents and Welfare

Teenage childbearing is strongly associated with subsequently receiving welfare. Approximately half of the families receiving welfare in the United States started with a teen birth—almost twice the proportion of these families among all those with children. Studies have found that families started with an unmarried teen birth are also much more likely than others to receive welfare for long periods of time.

In a paper for President Clinton's Working Group on Welfare Reform, Kristin Moore, Executive Director of Child Trends, Inc., analyzed the association of teen childbearing and welfare. She compared the number of months a group of women received welfare with the age at which they began childbearing. She found that women who began childbearing in their twenties were much less likely than teen mothers to receive welfare or to remain on it for a long period of time. Table Two reproduces the results of this study:

Table Two

Number of Months Receiving Welfare during 5 years after First Birth	Age at First Birth					
	<16	16–17	18–19	20–21	22–24	25+
Never received AFDC	46%	56%	64%	73%	89%	93%
AFDC for 1–20 mos.	7%	12%	10%	7%	3%	3%
AFDC for >20 mos.	47%	32%	26%	20%	9%	4%

Interventions to Reduce Teen Parenting

In the last two decades, there have been a number of different programs and strategies specifically designed to reduce or prevent teen pregnancy. Several of these have been evaluated for their impact upon teen pregnancy rates. The following describes some of these strategies and reviews what research shows about their effectiveness.

Types of intervention strategies. Interventions targeted to reducing teen pregnancy have different aims and take many different forms. Following is a brief summary of several of the most established intervention strategies:

1. Traditional sex education. Most schools offer their students some form of education about sexuality and contraception. The nature and intensity of the curricula for these courses vary, with almost all including instruction about human reproduction and decision-making about sexual behavior.

2. Abstinence programs. During the Reagan and Bush administrations, the federal government provided financial support for the development and implementation of at least two dozen curricula designed to encourage teens to abstain from sex. In addition to providing information about sex, these programs sought to help teens resist peer pressures to become sexually active and improve their ability to say "no" to sex assertively.

3. Avoiding unprotected sex. Some programs emphasize that it is best for teens to avoid sex, but also encourage those who are sexually active to use contraception. The best known of these programs is the Postponing Sexual Involvement (PSI) program, started by Grady Memorial Hospital in Atlanta. PSI bases its instruction on what is called the social inoculation model, which maintains that peer pressure is the major factor affecting teens' sexual behavior. The program uses high school students as peer educators and role models to help teach sessions on both sexuality and skill development to resist social pressures. The latter sessions use role playing and instruction to help students identify peer pressures, learn assertiveness skills to resist them, and demonstrate ways to handle pressure situations.

4. Condom distribution. One of the most widely publicized forms of intervention has been the recent growth of programs distributing condoms to students. Over 300 high schools now make condoms available, sometimes through school-based health centers. Some of these programs also provide information about responsible sexuality and encourage abstinence when teens raise the issue.

5. Enhancing life options. Another set of programs base their interventions on the belief that an adolescent's attitude toward his or her future economic and social alternatives and opportunities significantly affects sexual behavior. This strategy seeks to provide teens with a reason to delay parenting. One of the best known of these programs, Teen Outreach in St. Louis, involves weekly meetings of participants in which they discuss topics including self-understanding, personal values, communication skills, human growth and development, sexuality, and parenting and family relationships. Participants also engage in a wide range of volunteer and group activities, such as hospital work, tutoring, and walkathons.

6. Economic incentives and disincentives. Several programs have sought to "reward" teen women for delaying pregnancy through providing economic benefits. Usually, these programs have been instituted in schools or neighborhoods with very high rates of teen pregnancy. In addition, several states have established policies within their welfare systems designed to limit receipt of welfare to teen parents, specifically if they move out of their parents' home. Further, a few states have limited welfare benefit increases for children conceived while a mother was on AFDC. These approaches are expected to be a subject of the national 1995 welfare debate, which has already included an extensive discussion of the wisdom of starting orphanages to provide care to the children of young, unwed mothers.

How successful are intervention efforts? The state of knowledge about the effectiveness of particular interventions varies widely. Many experts believe that there has not been sufficient funding to conduct the kind and range of assessments needed to evaluate strategies effectively. Good research often takes time, making it hard to assess the effectiveness of some more recent interventions, such as widespread condom distribution at schools. Curricula for the different types of interventions may vary so much that it is hard to generalize about the overall intervention strategy itself. Despite these limitations, it is possible to make some generalizations about the effect of certain intervention strategies:

1. Despite the fears of some, traditional sex education does not appear to hasten the onset of sexual activity. At the same time, there is little evidence that this instruction

Insert Three: Education and Parenting

Studies have shown that a mother's educational level is one of the best predictors of future success for her child—both in school and beyond. Charts Six and Seven below show that a woman's educational attainment level is also strongly related to the number of children she is likely to bear (particularly if she is not married) and the age at which she begins having children. The two charts provide information on American women from 25 to 34 and 35 to 44 years of age. They clearly show much higher rates of childbearing by young (25- to 34-year-old) women with lower levels of education. While these differences decline somewhat among older (35- to 44-year-old) women, they are still substantial. Further, the more educated a woman is, the less likely she is to have children if she is not married (e.g. there are very few "Murphy Browns"). Alternatively, a high school dropout is likely to have children whether or not she marries.

One can draw several conclusions from these statistics. First, society is producing almost four generations of children from mothers who are high school dropouts for every three generations of children from mothers who are college graduates. Second, the generations from mothers who are high school dropouts are relatively larger. Third, the likelihood of support from two parents for these generations is much lower.

The statistics also suggest a challenge and an opportunity. The challenge is that schools and society will confront classes of children with greater, rather than fewer, educational needs than those of preceding generations. The opportunity is that succeeding educationally with these children can reap benefits not only in terms of school completion and future employability, but also in terms of reductions in teen and single parenting.

Chart Six

Childbearing by 25–34 year-old U.S. women, by educational level, 1992

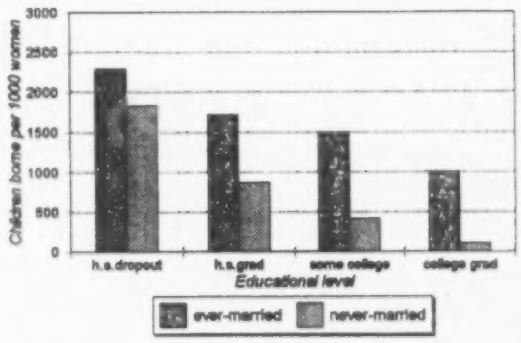
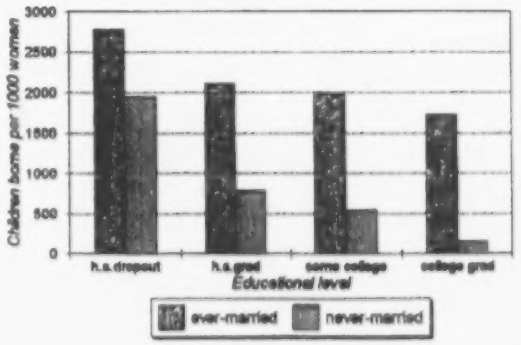


Chart Seven

Childbearing by 35–44 year-old U.S. women, by educational level, 1992



leads teens to delay becoming sexually active.

2. Studies of the effectiveness of programs directed at increasing the use of contraception have had mixed results, with some programs having a positive effect and others not.

3. Some sex education programs have been effective at getting teens to delay having intercourse or to increase their use of contraception. Those programs that have shown success usually go beyond merely providing information on sex to teens to include elements such as those in a program like Atlanta's PSI program.

4. There is no research yet that shows whether "abstinence only" programs are effective at getting teens to delay intercourse. Some programs that combine an abstinence message with information about contraception—most notably PSI—have been shown to be effective.

BEST COPY AVAILABLE

5. One model "life options" program, Teen Outreach, has been successful in producing lower pregnancy rates among its participants than a comparison group of students from other schools.

6. It is too early to tell whether programs a few states have adopted that provide economic incentives or disincentives for teenage childbearing will have any effect.

Attributes of effective programs. In a recent paper, a leading expert on teen pregnancy prevention programs, Douglas Kirby, identified seven key features present in programs that were effective in getting teens to delay the onset of sexual activity or to increase the use of contraception. He found that these programs:

- had a focus on a small number of specific behavioral goals, such as delaying intercourse or using contraception;
- provided basic, accurate information about the risks of unprotected sexual intercourse;
- went beyond merely providing information to focus on "recognizing social influences, changing individual values, changing group norms, and building social skills;"
- offered activities that address social or media influences on sexual behaviors;
- reinforced clear and age-appropriate values in order to strengthen individual values and group norms against engaging in unprotected sex;
- provided modeling and practice in communication and negotiation skills; and
- trained the teachers.

These features are consistent with those of other programs that have been effective in working with adolescents. Whether in the area of job training, educational achievement, or substance abuse prevention, effective programs involve adults making a connection with adolescents, being able to communicate with them, and being able to respond to their interests and needs.

A Comprehensive Approach

Not all teens who give birth to children come from disadvantaged backgrounds. Nonetheless, the likelihood of becoming pregnant and having a child as a teen is much greater when someone comes from a family that is poor or headed by a single parent. Teens who are behind in school or see little economic opportunity if they do complete school are much more likely to bear children. Neighborhoods with high rates of unemployment and poverty have high rates of teenage childbearing. For teens in these circumstances, the future they see for themselves may provide little reason to postpone childbearing.

Regardless of how well they are designed, all interventions run up against the reality that a significant proportion of America's teens believe that they face a future of few opportunities. According to a widely cited study of international teen sexual behaviors, the fact that a much higher proportion of American teens feel this way than their European counterparts is a leading factor in this country's much higher teen pregnancy rates.

For this reason, a significant reduction in America's teen or nonmarital birthrates probably requires broader interventions than those focusing upon childbearing alone. In particular, the link between school performance and teen and unmarried childbearing is very strong. Women who succeed in school, both completing high school and continuing for additional education, delay their childbearing and are much less likely to bear children when unmarried (see Insert Three).

The most effective strategies for reducing rates of teen childbearing are likely to be comprehensive ones that create educational and employment opportunities for teens who do not feel they have a future. Programs that help students reach higher levels of achievement are likely not only to reduce their school dropout rates and increase their test scores, but also to reduce teen childbearing rates as well.

The most effective strategies for reducing rates of teen childbearing are likely to be comprehensive ones that create educational and employment opportunities for teens who do not feel they have a future.

Iowa Kids Count Quarterly

Editor: Mike Crawford

Iowa Kids Count Quarterly is a publication of the Iowa Kids Count Project. The Project is a collaborative effort of the Child and Family Policy Center, the Iowa State Library, the Iowa Commission on Children, Youth, and Families, the Iowa State University Extension Service, and the Iowa Department of Human Services.

Iowa Kids Count Quarterly will provide information both about work undertaken by the Project and other important information on trends in child well-being.

Updates on research and data development activities of interest to Iowans on child and family issues will continue to be included. Persons wishing to have a description of their projects included in an upcoming *Iowa Kids Count Quarterly* should contact Mike Crawford, 515-280-9027.

Iowa Kids Count Steering Committee

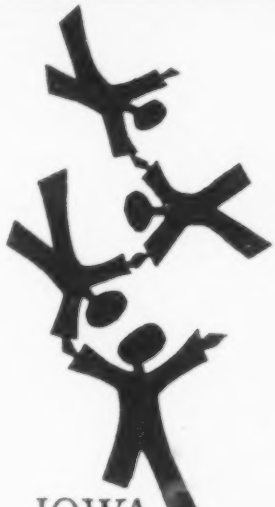
Charles Bruner, Child and Family Policy Center (Chair)
Harold Coleman, Iowa Commission on Children, Youth, and Families
Beth Henning, Iowa State Library
Mary Nelson, Iowa Department of Human Services
Lesia Oesterreich and Karen Shirer, Iowa State University Extension Service

IOWA KIDS COUNT INITIATIVE
Child and Family Policy Center
100 Court Avenue, Suite 312
Des Moines, IA 50309

Non-Profit Org.
U.S. Postage
PAID
Permit No.4032

IOWA
KIDS COUNT

BEST COPY AVAILABLE



Iowa Kids Count
Special Report April 1997

This Special Report of the Iowa Kids Count Initiative examines recent trends in demands on the juvenile justice system in Iowa. The report reviews current programming for youth involved in this system and discusses policy options available to Iowa's lawmakers. Carol Behrer and Betsy Kuhl of the Child and Family Policy Center conducted this analysis.

Troubled and Troubling Youth

Juvenile delinquency and crime has become a major focus of public safety concerns across the country and in Iowa. Iowa's Governor has included major proposals dealing with "youth violence" in his 1998 budget proposal. The state's Attorney General, after two years of study, has developed a proposal to increase resources for a "continuum of consequences" for juvenile offenders. These proposals will likely prompt considerable debate on juvenile justice issues during the 1997 session of the Iowa Legislature and beyond.

Most recent public policy initiatives relating to juvenile justice in Iowa and nationally emphasize increasing accountability for delinquent acts among juveniles. In some cases, parents of juveniles in trouble are being looked to for this accountability (e.g., learnfare proposals that reduce welfare payments to parents whose children are truant). Other proposals impose stiffer sanctions against juveniles themselves (e.g., increasing fines and penalties for various offenses, lowering the age for waiver to adult court, recriminalizing running away and other status offenses[1]). Still others suggest more preventive efforts are needed to deal with predelinquent children and adolescents (e.g., school-based youth services, family resource centers).

Troubled and Troubling Youth starts to bring together the available data and information to help inform this debate. It examines recent trends in juvenile crime and delinquency and puts those trends in the context of overall crime rates and types of offenses. This special report also provides an overview of broad public policy options available to lawmakers.

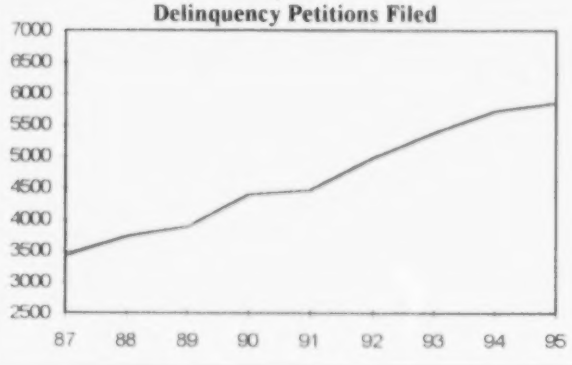
PART I: Juvenile Crime and Delinquency in Iowa

Driving the debate on juvenile justice is the perception of a rapidly increasing crime rate among juveniles. Overall juvenile crime has increased significantly over the last several years. While long-term

trend data is limited, a variety of data sources, including delinquency petition filings, detention center holds and arrest rates, reflect substantially increasing demands on the juvenile justice system (see Charts 1 - 3).

CHART 1

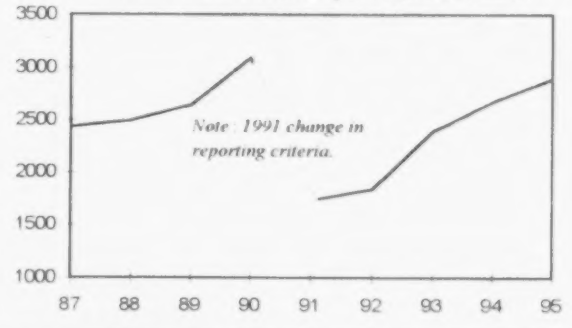
Delinquency Petitions Filed



Source: Iowa Judicial Branch

CHART 2

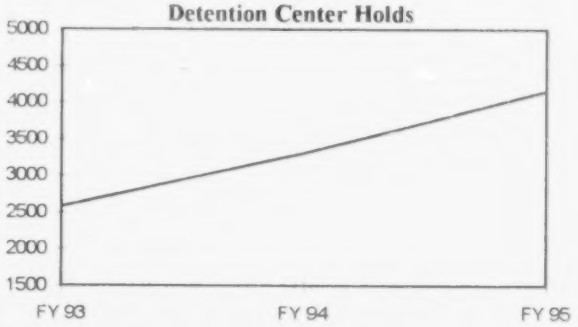
Juvenile Arrest Rates per 100,000 Juveniles



Source Iowa Uniform Crime Report

CHART 3

Detention Center Holds



Source Criminal & Juvenile Justice Planning & Statistical Analysis Center

Delinquency Petitions: After remaining relatively stable through most of the 1980s, the number of delinquency petitions filed in Iowa began its upward trend in 1988. Over an eight-year period, the number of delinquency petitions filed in Iowa increased by 70.6 percent (from 3,429 filings in 1987 to 5,850 filings in 1995). This trend is slowing, however, with the number of petitions filed rising by smaller percentages each of the last three years for which data is available (Chart 1).

Arrest Rates: The state's Uniform Crime Reporting system underwent a major revision in 1991 and all Iowa jurisdictions, including some large urban areas, do not yet report data under the new system. Therefore, trend analysis of arrest rates is problematic. Prior to 1991, juvenile arrest rates increased from 2,437 per 100,000 juvenile population in 1987 to 3,089 arrests per 100,000 in 1990. When the reporting system changed in 1991, *reported* arrests dropped to 1,729 per 100,000 juveniles. Since that time, an upward trend in juvenile arrest rates has been reported (Chart 2). (Some of the increase in the juvenile arrest rate since 1991 may be a result of inconsistent data reporting and should be interpreted with caution[2].)

Detention Holds: The number of placements of youth in detention centers and adult jails and lockups has also increased over the last few years (data prior to FY 1993 is not comparable). From FY 1993 to FY 1995, the total number of secure holds of youth in detention centers went from 2,575 to 4,152 (excluding the placements in which a youth was moved from one detention center to another) -- a 61 percent increase in placements in detention centers in three years (Chart 3). During the same three years, there was a 23.6 percent increase in the number of youth holds in adult jails and lockups in Iowa (from 199 in FY 1993 to 246 in FY 1995).

One indication of the growing stress on the system is the increasing movement of young people within the system. In FY 1992, for example, 176 placements in detention centers were transfers from other detention centers. By FY 1995, the number of transfers between detention centers had increased to 799. Considered as a proportion of placements, in FY 1992, 8.5 percent of placements in detention were the result of a transfer from another detention center; in FY 1995, 19.7 percent of detention placements were the result of such transfers.

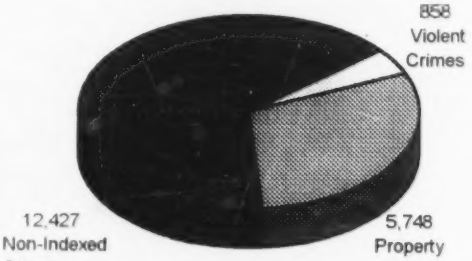
Population Projections: Further contributing to the growing demand on juvenile services is the simple fact of population growth. The number of 15- to 19-year-olds in Iowa is projected to increase by 15 percent over a ten-year period -- from 196,000 in 1995 to 226,000 in 2005 (Moody's Projections). Thus, even if *rates* of delinquency petition filings and juvenile arrests level off, the number of youth entering the system will continue to increase, at least until 2005. It is critical, therefore, that Iowa's policy makers develop long-term solutions to the issue of juvenile crime and delinquency.

Violent Crime: Another concern of policy makers has been that, in addition to an increase in juvenile crime, the crime is becoming more violent. The perception that violent juvenile crime is out of control tends to drive the policy debate and focus attention on the most serious offenders. Violent crime, although the greatest threat to public safety, is a small proportion of total offenses by young people. The violent crime index has risen in Iowa, but arrests for the violent crime offenses of murder, rape, robbery and aggravated assault represent less than 4.5 percent of total juvenile arrests.

Crime Index Offenses: The crime index offenses are made up of the violent crimes of murder, rape, robbery and aggravated assault and the property crimes of burglary, larceny and motor vehicle theft. In 1995, there were 6,606 arrests of juveniles for indexed crimes, out of a total of 19,033 juvenile arrests (Chart 4). Juvenile arrests accounted for approximately one-third of all arrests (juvenile and adult) for indexed crimes in 1995.

Other Offenses: The most frequent category for juvenile arrests is larceny (shoplifting, pocket picking, theft from coin-operated machines, theft from motor vehicles, etc.), typically representing about 20 to 25 percent of total arrests of all juveniles. The next most frequent category is liquor law violations (12.8% of reported arrests in 1995). Disorderly conduct, vandalism, and simple assault account for the next categories of offenses for which juveniles are most frequently arrested. Slightly less than half of all arrests of juveniles are typically for Group B (or less violent) offenses, which include bad checks, curfew/loitering/ vagrancy violations, disorderly conduct, driving under the influence, drunkenness, nonviolent family offenses, liquor law violations, and trespassing, among others.

CHART 4
Juvenile Arrests in 1995
by Category of Offense



Source: Uniform Crime Report

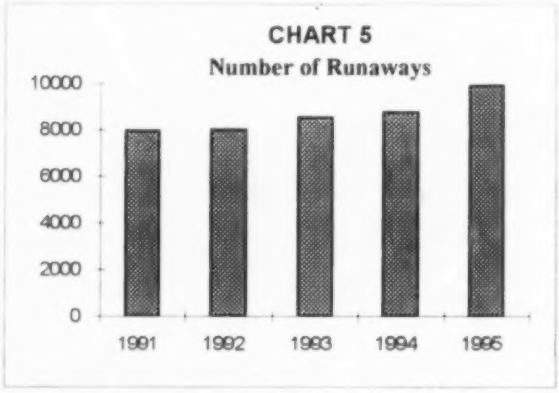
Non-criminal offenses: There is also a perception that problem behavior among youth is increasing and is a precursor to delinquent and criminal activity. Truancy, dropping out of school, and running away are not criminal acts but portend future involvement with the justice system. Data is limited on these "status" offenses and troubling behaviors, and the trends are mixed in these areas.

Runaways: The Iowa Missing Persons Information Clearinghouse receives reports of all missing persons in Iowa, including those juveniles reported as having run away. Reports of runaways have increased steadily over the last several years. In 1991, 7,853 juveniles were reported as runaways in Iowa; by 1995, this number had risen to 9,775, an increase of 24.5 percent over the four-year period (Chart 5). A majority of young people reported missing are located within two days (56% in 1995). In 1995, however, 25 percent of such juveniles remained missing for more than a week; and nearly half of those for more than a month. Research on runaways suggests that these youth typically come from very troubled backgrounds. Further, their chances of engaging in criminal behavior or of being victimized once on the run are significant.[3]

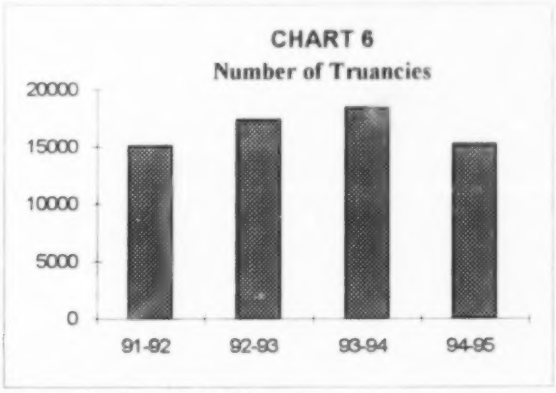
Truants: Statewide data on the number of truants has only been collected since 1991. "Truant" is defined under Iowa's "Failure to Attend" law as any student who has "accumulated fifteen unexcused absences during a

three-year period." In the 1994-95 school year, 15,196 (3%) of Iowa's 500,592 public school students met the definition of truancy, a decrease from 8.35 percent truancy among public school students the previous year (Chart 6). Although students at all grade levels are reported truant, nearly 70 percent of truants are in grades 9 through 12, approximately ages 14 through 18.

Dropouts: Iowa's dropout rate has always been low, relative to other states. In the 1996 national Kids Count Data Book, Iowa ranked second in the country in the percent of teens aged 16 - 19 who are high school dropouts. Iowa's rate of 5 percent was far better than the national rate of 9 percent. Another way to measure high school completion and the method used by Iowa Kids Count is the percentage of an age group that graduates from high school, on time, with their class. Iowa's rate of 86.7 percent is still very high; national figures generally present a graduation rate on this measure of 70 - 75 percent[4].



Source: Missing Person Information Clearinghouse, Iowa Department of Public Safety



Source: Iowa Department of Education

PART II: Current Juvenile Justice Programming in Iowa

The increasing number of arrests of juveniles and delinquency petitions filed has placed significant new demands on the juvenile justice system. Coupled with similar increases in Child In Need of Assistance (CINA) petitions, the current capacity of the system to effectively address the needs of victims and offenders is being called into question. Moreover, as discussed above, even if the *rates* of crime and delinquency are to level off, demand on the system will continue to increase as a result of juvenile population growth, at least over the next ten years.

A variety of programmatic responses have been developed in Iowa to deal with youth involved in the juvenile justice system. Disposition options range from providing family-centered services, where the young person remains in his own home, to foster care placements, to secure institutional settings. Children and adolescents diagnosed with psychiatric disorders may also be referred to treatment at Psychiatric Medical Institutions for Children (PMICs) or state Mental Health Institutes. Youth with chemical addictions may be ordered to Residential Substance Abuse Programs (See Insert 1 for a description of preadjudication and dispositional options for young people involved in Iowa's juvenile justice system).

While the recent trend is toward increasing utilization of in-home and other community-based approaches, the system is still heavily weighted financially toward institutional placements of juvenile offenders. Insufficient community-based services are frequently cited as driving up

Insert 1

PREADJUDICATION AND DISPOSITIONAL OPTIONS FOR CHILDREN AND YOUTH IN THE JUVENILE JUSTICE SYSTEM

OUT-OF-HOME PLACEMENTS

State Training School in Eldora serves 185 male delinquents between the ages of 12 and 18 years. It is considered one of the most restrictive placement sanctions of the juvenile justice system. The average cost per resident per day at Eldora is approximately $137.

Iowa Juvenile Home in Toledo serves 92 female delinquents and male and female children in need of assistance (CINAs) between the ages of 12 and 18 years of age who are placed by a court order. The average cost per resident per day is $156.

Highly Structured Programs for Delinquent Youth (Boot Camps) are an option for male, juvenile offenders, ages 15 to 17, who have committed an aggravated misdemeanor or felony. There are two 25-bed facilities, with an average cost per resident per day of $117.

Enhanced Residential Treatment Facilities provide a high level of structure for youth with severe social, emotional or behavioral disabilities. Three ERTs in Iowa contain locked components.

Psychiatric Medical Institutions for Children (PMICs) provide residential treatment for children with psychiatric disorders in a nonsecure setting. Nearly 80% of youth in PMICs are age 12 or older. There are 419 PMIC-licensed beds in Iowa, with an average daily cost of $127 per resident per day.

Mental Health Institutes provide psychiatric and substance abuse services in a residential setting. There are 73 beds designated for children and adolescents at two MHIs in Iowa (Cherokee and Independence).

Psychiatric Hospitalizations of Children provide acute inpatient hospitalizations for mental diseases and disorders and substance use and substance-induced organic mental disorders. Medicaid was the major payor for these services, reimbursing 70% of total charges in 1995.

Detention Centers provide 24-hour care for youth charged with delinquent offenses and who require secure custody pending adjudication and disposition by the Juvenile Court. The cost for Iowa's 14 detention centers is borne primarily by the counties.

Shelter Care provides 24-hour emergency care, crisis intervention, and supervision for children and youth unable to remain in their own home. Over 90 percent of children in shelter are age 12 or older.

Group Care provides structured 24-hour treatment services and supervision for youth with severe emotional or behavioral problems. Services also include plans for permanent placement.

Family Foster Care provides temporary care for children unable to remain in their own homes because of abuse or neglect. Approximately 40 percent of children in family foster care are age 12 or older.

COMMUNITY-BASED, IN-HOME OPTIONS

Life Skills Development is designed to provide interpersonal skills training and other competency development to delinquents ages 12 to 17, who are low to moderate risk to the community.

School Based Supervision provides on-site supervision services of students at middle and high school levels to address truancy and school behavioral problems among adjudicated delinquents, or youth at risk of adjudication, between the ages of 12 and 17.

Adolescent Monitoring and Outreach Services provide intensive tracking and monitoring services as an alternative to group care placement or aftercare with the purpose of deterring delinquent behavior. The target population are delinquent youth ages 9 through 17. The program has an average monthly caseload of 217 youth.

Supervised Community Treatment provides comprehensive multi-disciplinary treatment services in a structured setting for four to six hours a day, five to six days a week, for an average of 10 months. The target population is adjudicated youth, ages 12 through 17, who experience significant social, behavioral, or emotional problems that place them at risk of group care or who are returning from group care. The program has an average monthly caseload of 221 youth.

Family-Centered Services (including Family Preservation) are designed to prevent or alleviate child abuse and out-of-home placement of children. A variety of services, coordinated by DHS or JCS case managers, are provided to families. Short-term, intensive interventions are available to families in crisis through the Family Preservation services. An average monthly caseload of more than 5,000 families receive Family-Centered/Family Preservation Services.

BEST COPY AVAILABLE

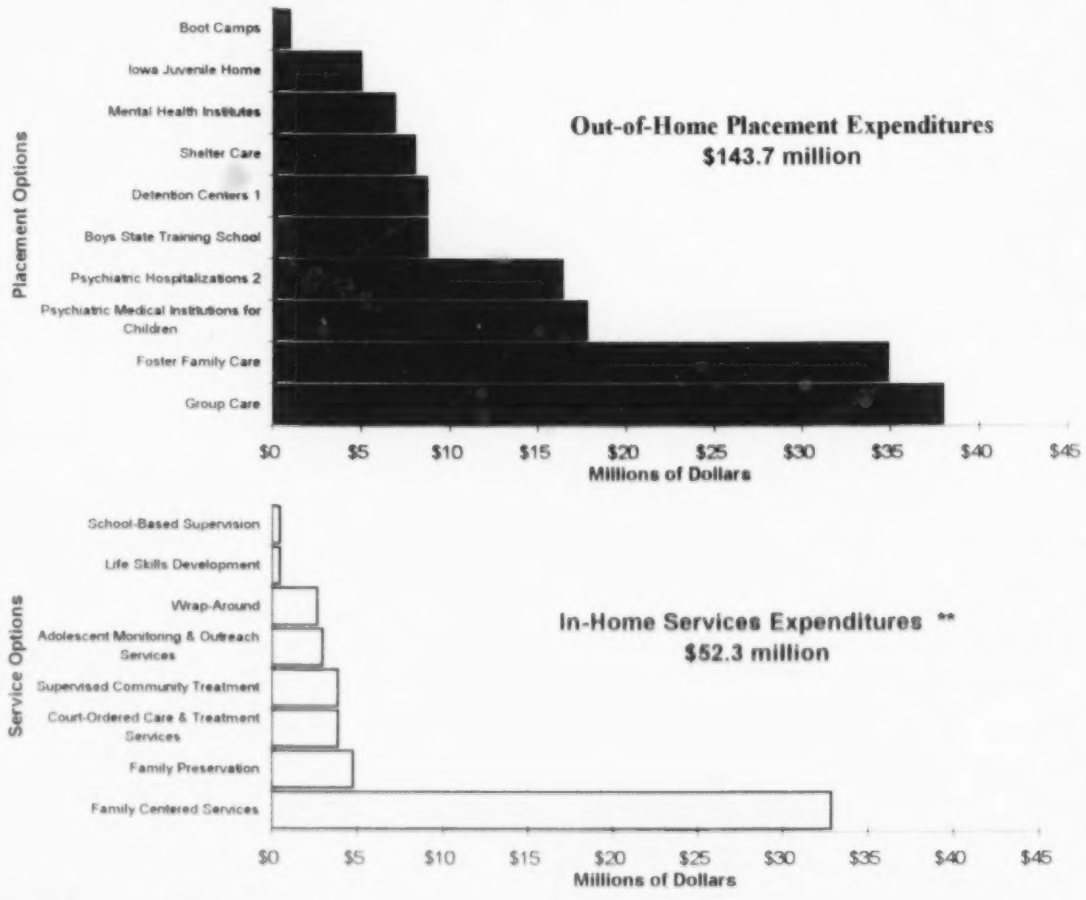
demand for institutional placements. Others suggest that group care caps imposed by the state are distorting true demand and are creating backlogs in other parts of the juvenile justice system (principally detention facilities and shelters).

The state expends approximately $10 million in federal and state funds to support community-based responses for juvenile offenders, while detention and secure out-of-home placements require over $21 million in state and local resources. Further, community-based approaches have typically been developed and implemented on a demonstration basis, with continuation and expansion contingent on annual appropriations. These programs, such as School-based Supervision and Tracking and Monitoring, typically are able to serve only a small number of children and adolescents that are eligible for, and likely to benefit from, this type of intervention.

A similar pattern is found in expenditures for non-delinquent

Insert 2

FY 1997 ESTIMATED PUBLIC EXPENDITURES *



* Includes federal, state and local funding

** FY 1997 estimated regional reallocations, including carryover

[1] Funding for detention centers is primarily the responsibility of counties

[2] 1995 Medicaid expenditures for acute private hospitalization for mental diseases and disorders & substance use & substance induced organic mental disorders

(**Source**: Iowa Community Health Management Information System.)

youth involved in the system. While the trend has been away from removing children and youth from their homes, expenditures for out-of-home placements still far outpace expenditures for in-home services, even though more cases are now handled without placing the child outside the home (See Insert 2).

Prevention Programs Targeting Adolescents: A number of state and federal programs have been created over the past several years that are designed to prevent juvenile delinquency and other problem behavior among youth. The most relevant to crime prevention are mentioned here. Specific design and implementation of these programs occurs at the local level, and there is considerable variation across the state on the strategies being used. The youth development literature clearly demonstrates that a key component of deterring youth from crime and other problem behavior is providing young people with opportunities for positive involvement. The Iowa Departments of Education and Human Rights are aggressively promoting positive youth development models for use at the local level, and providing assistance to communities to implement such models utilizing these and other funding streams.

Community Crime Prevention Grants: In 1994, the Iowa Legislature created a new program to support cities and counties in their efforts to prevent juvenile crime. An appropriation of about $1.8 million each year since has resulted in twenty-six community-based delinquency prevention projects operating throughout Iowa. Three additional school-based programs exist in Iowa that are designed to prevent problem behavior among adolescents.

Programs for Dropouts and Dropout Prevention are supported through increased allowable growth in local school budgets. **School Based Youth Services** receive a State appropriation of $2.8 million that supports centers located in or near schools to improve the coordination of services provided by school and other service providers for at-risk students. The **Safe and Drug Free Schools** program channels federal funding of approximately $3.2 million to schools and community agencies for a wide variety of prevention programs targeting at-risk children and youth that are initiated at the local level.

PART III: Policy Options

The trends described above demonstrate a pressing need for action. Policy makers have a variety of options from which to choose to respond to the increasing numbers of troubled and troubling youth and the growing demands on the juvenile justice system. This section discusses four of these options in general terms.

Increasing Sanctions: A number of proposals have been generated to impose stiffer penalties for various offenses -- principally in the areas of alcohol, tobacco and other drug offenses for underage youth. Research suggests that appropriate, meaningful sanctions are important as a consequence of misconduct; and there is clearly a need for an appropriate response to the most violent juvenile offenders in order to protect the public. Research indicates that "an effective juvenile justice system combines accountability and sanctions with increasingly intensive treatment and rehabilitation services,"[5] such as education, supervision, and restitution. Increasing fines or other penalties for illegal behavior will not likely have a major impact in isolation of other strategies.

Increasing System Capacity: The increasing demands on Iowa's juvenile justice system in terms of the number and severity of cases in the system are a clear indication that the capacity of the system must be expanded. Presently, Iowa does not have the capacity to effectively intervene for more than a small proportion of those juveniles involved in the justice system. In 1995, there were over 6,600 arrests of juveniles for indexed crimes and more than 12,000 additional arrests for other categories. In contrast, there are less than 1,200 countable treatment slots for juvenile offenders, including both institutional and community-based programs. Pending budget proposals to increase spending by

20 percent for some of the community-based approaches are a step in the right direction. But, while this is a start, a long-term commitment to building an adequate response to the demands on the system is required.

Evidence also clearly suggests that the emphasis for increasing capacity should be at the community level. Most juvenile crime is nonviolent and studies indicate that community-based programs can serve as safe, cost-effective alternatives to incarceration for many youth. Based on a comprehensive review of juvenile justice programs, the federal Office of Juvenile Justice and Delinquency Prevention concludes that, "community-based graduated sanctions programs appear to be at least as successful as traditional incarceration in reducing recidivism, and the most well-structured graduated sanctions programs appear to be more effective than incarceration."[6]

Parental Accountability: Family involvement in prevention, intervention and treatment is critical. And some policies, such as making adults responsible for illegal activity, such as underage drinking, in the adults' home appear promising. However, there is insufficient research to determine if holding parents accountable for their children's behavior will have a significant impact on deterring illegal behavior.

Further, some proposals are not well targeted. Learnfare proposals, for example, which propose to withhold certain public assistance from parents whose children are truant, typically apply the school attendance requirement only to pre-teen aged children. Such sanctions would have little immediate impact on truancy, since the vast majority of truants are age 14 or older. Another proposal would allow truancy to be sufficient cause to engage the Child In Need of Assistance process. It is unlikely, however, that truancy cases would receive much attention or result in meaningful intervention, given the other more serious demands on the system. If such a proposal is to be seriously considered, it would have to be accompanied by significant new resources to effectively engage the youth and family in services.

Prevention and Early Intervention Programs: Delinquency prevention is the most cost-effective approach to reducing juvenile delinquency. Further, the most effective prevention approaches are comprehensive; address known risk factors; seek to strengthen the personal and institutional factors that contribute to healthy adolescent development; provide adequate support and supervision; and offer youth a long-term stake in the community.[7]

A recently released study by the Rand Corporation, "Diverting Children from a Life of Crime: Measuring Costs and Benefits," presents the findings from a sophisticated cost-effectiveness analysis of various crime prevention strategies. The study concluded that prevention strategies, including graduation incentives, parent training, and delinquent supervision are all more cost effective in preventing youth from committing crimes than the "Three-Strikes" incarceration law. Delinquent supervision efforts included in the Rand study are similar to Iowa's Tracking and Monitoring, and School-Based Supervision programs. According to the authors of the Rand Study, prevention programs must be implemented on a large enough scale to impact crime and delinquency rates. Such an investment will take a serious up-front commitment in dollars and program effort.

Iowa currently invests relatively little in prevention programming, especially programming that targets adolescents. Overall, non-education spending in the state on children, youth and family services, is heavily weighted toward intervention, rehabilitation and treatment. While increasing investment on prevention programming will require additional resources in the short-term, it is likely to reduce the demand for services and spending on intervention and treatment in the long-term.

Conclusion: Responding to the problems posed by troubled and troubling youth in Iowa requires multiple strategies to respond appropriately to all levels of crime and delinquency--from waivers to the adult system and secure incarceration of the most serious offenders to a variety of community-based options for less violent youth. The levels and types of juvenile justice issues and current expenditures in the state to address these issues, suggest that greater investment in prevention and early intervention with troubling youth is needed.

Strategies that focus on prevention, early intervention and services to address non-criminal misconduct, such as running away and truancy, have the potential of significantly reducing demand on the juvenile justice system. Other community-based

approaches for less serious/violent offenders can also be effective for those juveniles who do enter the system. Long-term solutions require a comprehensive response that emphasizes positive opportunities while imposing meaningful sanctions for criminal behavior.

Endnotes:

[1] Status offenses are those offenses committed by juveniles that would not be criminal if committed by an adult, such as truancy, running away, and dropping out of school.

[2] Juvenile arrest rates reported by the Department of Public Safety and reflected in Chart 2 are figured on an adjusted population basis of only those law enforcement jurisdictions reporting. This, in part, corrects for non-reporting jurisdictions, but may still represent an under-reporting of actual arrests. For additional information, see the *1995 Iowa Uniform Crime Report* by the Iowa Department of Public Safety and the *Iowa Criminal and Juvenile Justice Plan 1997 Update* by the Division of Criminal and Juvenile Justice Planning, Iowa Department of Human Rights.

[3] For more information on runaways, see recent reports by the Iowa Department of Human Rights, Division of Criminal and Juvenile Justice Planning, including: *Iowa Criminal and Juvenile Justice Plan 1997 Update*, *Responding to Runaways in Iowa: A Discussion of Relevant Laws and Services*, and *Summary Report Preliminary Findings from the Midwest Homeless and Runaway Adolescent Project*.

[4] Iowa Kids Count, *Baselines and Benchmarks: Indicators of Well-Being for Iowa Children*, 1995.

[5] U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, *Guide for Implementing the Comprehensive Strategy for Serious, Violent, and Chronic Juvenile Offenders*, 1995.

[6] *Ibid.*

[7] *Ibid.*

The Relationship Between Program Outcomes and System Outcomes

Currently, it is common for policy makers to question whether we "know what works" in dealing with challenging youth. Because the state is spending a great deal to respond to troubled and troubling youth, and because many of the trends among this adolescent population are worsening, one might conclude that current programs and services have no impact or effect.

In fact, however, such conclusions are unwarranted. There is substantial research both on prevention-oriented community-based programs and on remediation-oriented residential services to define what makes programs serving certain children and families effective.

The challenges in changing these trends through programmatic actions include the following:

- providing programs and services to a large enough portion of the affected population to impact statewide trends (going beyond small-scale demonstration efforts to adequately serve those requiring help);
- ensuring that programs and services maintain the program quality and integrity needed to achieve the desired results (ensuring quality control and quality improvement); and
- ensuring that children and families receive the most effective services that meet their needs (appropriately and efficiently targeting services).

Programs can and should be held accountable to producing changes in the children and families they serve. These changes must be defined in terms of the children and families served and the levels of service provided. Achieving changes in the overall trends described in this special report, however, will require a systemic approach that involves an adequately funded continuum of effective programmatic approaches.

BEST COPY AVAILABLE

Iowa Kids Count
Steering Committee

Charles Bruner, Child and Family Policy Center (Chair)
Harold Coleman, Iowa Commission on Children, Youth and Families
Beth Henning, Iowa State Library
Mary Nelson, Iowa Department of Human Services
Lesia Oesterreich and **Karen Shirer**, Iowa State University Extension Service

Iowa Kids Count Special Report

This Iowa Kids Count Special Report is a publication of the Iowa Kids Count Initiative. The Initiative is a collaborative effort of the Child and Family Policy Center, the Iowa State Library, the Iowa Commission on Children, Youth and Families, the Iowa State University Extension Service, and the Iowa Department of Human Services.

Iowa Kids Count will provide information both about work undertaken by the Initiative and other important information on trends in child well-being.

Updates on research and data development activities of interest to Iowans on child and family issues will continue to be included. Persons wishing to have a description of their projects included in an upcoming Iowa Kids Count report should contact Mike Crawford at the Child and Family Policy Center, (515) 280-9027.

IOWA KIDS COUNT INITIATIVE
Child and Family Policy Center
1021 Fleming Building
218 Sixth Avenue
Des Moines, IA 50309-4006

Non-Profit Org
U.S. Postage
PAID
Permit No. 4032

PS 027407

Iowa Kids Count Special Report

January 1998

This Iowa Kids Count Special Report describes how Iowa taxes affect children and families. It draws from a number of different studies conducted by the Child & Family Policy Center and shared with state legislators and the Governor's office. The Report was prepared by Charles Bruner, with the assistance of Victor Elias and Michael Crawford. Victor Elias was responsible for the analysis in Inserts Two and Three.

The Family Impact of Iowa's Tax System

Are Iowa's taxes family-friendly? Do they recognize the costs associated with raising children? Do they treat married couples fairly?

Introduction

These are important questions, yet they have not been at the center of Iowa's tax reform discussions. As the 1998 Iowa General Assembly convenes, it is important that proposed tax law changes be examined with these questions in mind.

The public often does not receive much information regarding the ways taxes affect different types of families. Yet as states design their tax policies, they must decide how they respond to different types of households -- single persons, married couples with dependents, married couples without dependents, and single persons with dependents.

All states with personal income taxes, as well as the federal government, make distinctions in how they tax different households. Over the past several years, the Child and Family Policy Center has examined how Iowa tax policies impact different households, with particular attention to families with children. This Kids Count Special Report summarizes the findings from these studies.[1]

The findings themselves answer the three questions raised above. Iowa's tax system is not family-friendly. It does not recognize the cost of raising children or caring for dependents. In many instances, it does not treat married couples fairly.

As the legislature continues its work reviewing Iowa's tax laws to "examine further changes to Iowa's tax code to reflect goals of

simplification, equity, and reduction,"[2] the issue of how Iowa's overall tax code recognizes the cost of raising children and caring for dependents must be at the center. Further, as Iowa responds to recent federal tax law changes, it must work to insure that Iowa families who receive credits under those changes do not see their state income tax burden increased as a result.

Research Findings

The following summarizes the findings from various reports on Iowa tax policy as it affects Iowa families and their dependents. Some of the detailed statistical analysis is complex, but the findings that can be drawn from the analysis are straightforward and clear.

1. <u>Historical growth in tax burden among middle-income Iowa families.</u> Middle-income, married couples with children in Iowa have experienced a growth in their overall tax burden, without a commensurate increase in their overall income.

Between 1970 and 1993, the median real (inflation-adjusted) family income for families with children in Iowa has remained constant at approximately $40,000 in 1993 dollars (see Insert One). Through that period, however, the tax burden on these families increased substantially, with Iowa personal income taxes increasing most -- from 2.24% of gross income to 4.98% of gross income. That family's overall tax burden has increased from 21.85% to 27.05% of income. This increase of 5.2% translates into $2,080 less post-tax income for families in 1993 than similar families in the 1970 (see Insert Two).

During the same period, similar calculations show that the tax burden for families with children with a $20,000 income in 1993 has remained constant. Upper-income families, as a class, have experienced a very substantial increase in their income during that period. While the post-tax income of middle-income families declined, that of upper-income families increased.

From this historical perspective, it is clear that middle-income families with children have fared less well in terms of post-tax income than other families.

2. <u>Federal income tax treatment for dependents</u>. Over the years, the federal income tax recognition of the cost of raising children has not kept pace with inflation and, prior to the enactment of the $500 dependent credit, has not recognized and reflected the real cost of raising children or caring for dependent adults.

Initially, the federal income tax sought to exempt from taxation that part of family income that reflected the cost of minimally providing for each family member. In 1948, the personal exemption was $600 per family member.

If this exemption had kept pace with inflation, it would be $8,260 today. Instead, the federal exemption was $2,550 in 1996. For 1996, the United States Department of Agriculture estimated that it cost a two-parent, median income family about $8,300 per year to raise a child. A median income family, for this purpose, is defined as a family earning between $34,700 and $58,300 before taxes.

If the goal is to not tax people (individuals or families) on the basic costs of providing for themselves and their dependents, the personal exemption (or credit) should reflect those costs. An income tax system (state or federal) that is "neutral" with respect to children would provide for a personal exemption (or its equivalent in a credit) of around $8,300.[3]

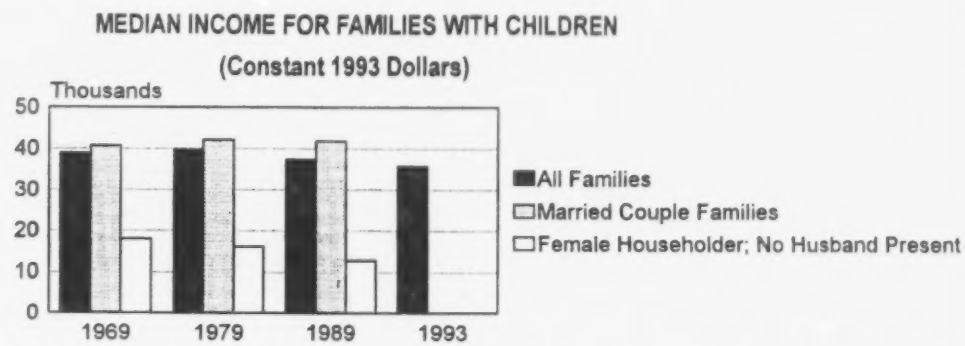
Insert One

Trends in Family Income for Iowa Families with Children

As the graph shows, in constant (inflation-adjusted) dollars, the median family income for families with children in Iowa has shown a slight overall decline between 1969 and 1993 (for the United States as a whole, it has remained the same).

The income for married couple families has remained fairly constant during this period, at approximately $40,000 in 1993 dollars. Meanwhile, the income for families headed by a single woman has shown a significant decline, despite the fact a greater proportion of single women with children are working.

Despite the fact that families with children are working more hours, declining real wages have meant that overall family income has not increased over this twenty-five-year period.



3. <u>Iowa income tax treatment of dependents</u>. Iowa's personal income tax recognition of dependents is much lower than that of the federal government. Further, because of federal deductibility, this produces higher state income taxes for some families with children than families without children who have the same income.

Iowa does not employ a personal exemption but provides a dependent credit of $40. The difference between an exemption and a credit is that an exemption reduces the amount of income subject to tax, while a credit reduces the actual amount of taxes that are paid. For a family with a marginal Iowa tax rate of 7%, a $40 credit is equivalent to an exemption of only $570. This is, of course, much lower than the current federal exemption of $2,550 in 1996 and only a small fraction of the estimated annual cost of $8,300 for raising a child.

Because the state allows Iowans a deduction (or exemption) for the federal taxes they pay, however, the actual impact of Iowa's tax treatment of dependents is much less than the $40 credit. Since families with children pay less in federal taxes because of the federal exemptions, they have less to deduct in federal taxes on their Iowa income tax.

As a result, a married couple with two children and two dependents earning $60,000 paid more state income taxes in 1996 than a married couple with no dependents earning the same amount. This constitutes an additional Iowa tax for having children, a "child-raising tax" penalty. That married couple with two dependents (assuming all its income came from one

Insert Two

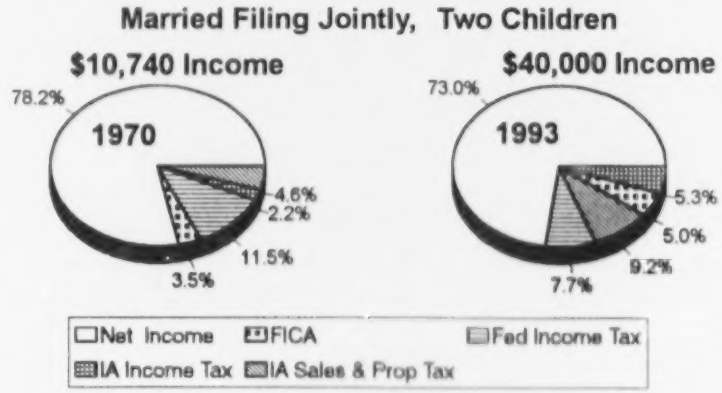
Taxes on a Median Income
Iowa Family with Children

In 1994, the Child & Family Policy Center sought to calculate the federal, state, and local tax burden experienced by a representative Iowa family over a period from 1970 to 1993. The tax burden shown here is for a married couple family of four earning $40,000 in 1993 (the median income for such families). For purposes of calculating state and federal income taxes, standard deductions and personal exemptions were employed, all income was assumed to be derived from wages, a single wage earner was assumed, and federal income tax deductions were based upon an accrual of taxes owed. Different calculations were used to estimate sales and use tax and property tax burdens.

The estimates show that married couple families with children are paying an increased portion of their income to state and federal taxes compared with prior years. Between 1970 and 1979, the increase was largely the result of increased federal taxes. Between 1979 and 1993, federal taxes declined, but direct state and local taxes increased by nearly 2.4% of income, or $880 in 1993 dollars.

Iowa Taxes Paid By Family Earning $40,000 in 1993 Dollars

	1993	% of income	1989	% of income	1979	% of income	1970	% of income
income, inflation adjusted	$40,000	100.00%	$34,904	100.00%	$21,232	100.00%	$10,740	100.00%
FICA	$3,060	7.65%	$2,622	7.51%	$1,302	6.13%	$374	3.48%
federal income tax	$3,664	9.16%	$3,259	9.34%	$2,559	12.05%	$1,236	11.51%
state income tax	$1,992	4.98%	$1,658	4.75%	$776	3.65%	$241	2.24%
direct sales & use tax	$880	2.20%	$614	1.76%	$280	1.32%	$189	1.76%
direct residential property tax	$1,224	3.06%	$1,067	3.06%	$613	2.89%	$307	2.86%
total taxes	$10,820	27.05%	$9,220	26.41%	$5,530	26.05%	$2,347	21.85%
federal taxes	$6,724	16.81%	$5,881	16.85%	$3,861	18.18%	$1,610	14.99%
states taxes	$4,096	10.24%	$3,339	9.57%	$1,669	7.86%	$737	6.86%



Insert Three

Impact of Iowa's Income Tax on Different Iowa Families:
Additional Taxes for Raising Children

Iowa's income tax system provides a very modest dependent credit of $40 per dependent. The federal income tax provides a much greater recognition of the cost of raising children through a personal exemption worth $2,550 in 1996. Because Iowans with dependents pay lower federal taxes, they have lower federal deductibility than Iowans without dependents with an equivalent income.

The following analysis contrasts the state income tax liability of different households with the same overall income level, $60,000. It assumes that taxpayers use the standard deduction, that all income is earned income, and that all income is from one individual in two-parent households. While this analysis was conducted prior to the 10% tax cut enacted in 1997, that change will not significantly affect the relative Iowa income tax burdens of different households under the analysis.

1996 Federal & State Income Taxes for Different Taxpayers with $60,000 Total Income[1]

Household Type	Federal Income Tax	State Income Tax	Difference in State Income Tax from Married Couple with Children
married couple with two dependents (one income)	$ 6,862	$3,392	$ 0
married couple with no dependents (one income)	$ 8,290	$3,320	$ -72
single parent with two dependents	$ 8,834	$3,232	$ -160
single adult with no dependents	$11,853	$3,224	$ -168

[1] assumes each taxpayer claims the standard deduction and credits and that federal taxes are deducted in the year accrued.

spouse's earnings) also paid more state income taxes than a single parent with two dependents or a single adult with no dependents (see Insert Three).

This is a major issue regarding horizontal tax equity (horizontal refers to the treatment of different types of taxpayers with equivalent incomes). When contrasted with other states, Iowa's tax burden on families with children is disproportionately higher than its tax burden on other households.

4. <u>Tax treatment of marriage</u>. While Iowa does not have the same type of "marriage tax" that the federal income tax system has, Iowa has a different type that affects many families and creates substantial complications in tax filing for many others.

The federal tax code often is criticized as imposing a "marriage tax penalty." When two people with separate, relatively equal incomes marry, they pay more federal taxes (because they are required to file a joint tax return) than if they had remained single and filed separately. The federal tax code, however, does recognize marriage by widening the tax brackets for married couples filing jointly. In effect, married couples where one spouse earns all or most of the income pay less federal income taxes than if they had filed as separate individuals. They therefore receive a federal "marriage tax benefit."

Iowa's personal income tax allows married couples to file

separately and avoids the federal type of "marriage tax" penalty. At the same time, however, this represents one of the major complications to Iowa tax filing, as married couples must separate and recompute their income and deductions after completing the federal tax return. Moreover, because of federal deductibility, Iowa's tax system actually imposes a different "marriage tax penalty" on single-income, married couples. One way to simplify Iowa's tax system for some married filers and to reduce this particular "marriage tax" would be to establish broader tax brackets for married couples who choose to file jointly.

5. <u>Impact of Iowa 1997 tax changes</u>. While the across-the-board 10% tax cut provided a significant reduction in overall income tax collections, it did not significantly change the relative tax burden of different classes of taxpayers nor provide major reductions in overall tax burden for middle-income taxpayers.

The 10% across-the-board income tax cut enacted by the 1997 Iowa General Assembly roughly provides a reduction in personal income taxes for all taxpayers of an equal percentage. Because the personal income tax is Iowa's only tax that is progressive, however, that across-the-board cut provides a disproportionate overall tax benefit (reduction in income, sales, property, and other state and local taxes combined) to upper income Iowa taxpayers. Taxpayers with incomes above $200,000 received a reduction of approximately 6.2% in their overall Iowa tax burden, while those with incomes between $30,000 and $50,000 received only a 2.5% reduction and those with incomes between $10,000 and $20,000 received only a 0.9% reduction (see Insert Four).

6. <u>Implications of the new federal $500 credit to Iowa income taxes</u>. The new federal $500 tax credit for dependents, absent any state changes in the tax treatment of dependents, will produce increases in state income taxes for taxpayers with dependents.

In 1997, Congress enacted a number of tax law changes. One of the most significant is a new, $500 dependent tax credit for all but very high income families. Iowa will receive a "windfall" from the new federal dependent tax credit because Iowans who receive that credit will be able to deduct less in federal taxes paid in determining Iowa taxable income. For families with a marginal Iowa income tax rate of 7%, the federal reduction in taxes as a result of the credit will produce an increase in Iowa income taxes of $35 for each child or dependent for whom a federal credit is obtained. Simply to insure that Iowa's income taxes do not offset part of the benefit of the federal credit would require an increase in Iowa's dependent credit of that $35.

Alternatively, if Iowa were to "couple" with the federal tax law change and itself provide a "credit" equivalent to the$500 credit provided by the federal government, Iowa's credit would need to be increased by approximately $150 (calculating Iowa's income tax rate at 30% of the federal income tax rate).

Iowa's dependent credit represents the biggest area where Iowa is out-of-step in its tax treatment of different households. Iowa is out-of-step compared with the federal government and with other state systems. Over time, Iowa's tax system has moved away from, rather than toward, recognizing the real costs of raising children and caring for adults.

Conclusion and Implications for Policy

Any discussion of tax policy and any further state tax reductions should focus upon the tax treatment of families, and particularly families with children and other dependents. This corresponds directly with the charge to the legislative committee to "examine further

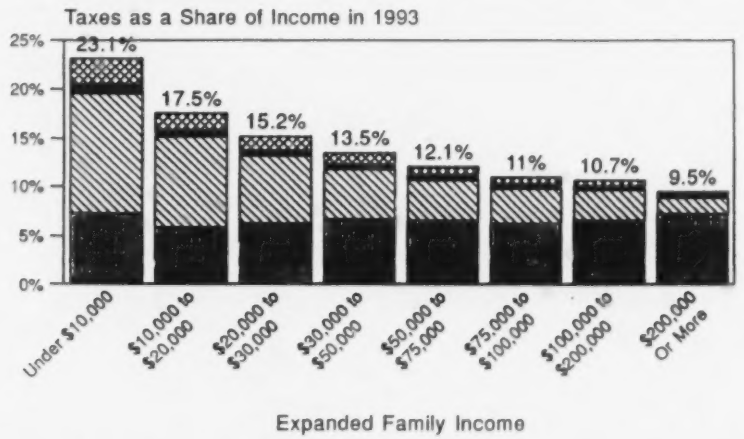
Insert Four

Impact of Across-the-Board Iowa State Income Tax Cut on Total Taxes Paid by Families with Different Income Levels

Often, people think that an across-the-board reduction in income tax rates is a form of tax relief that affects all families equally. It does reduce the income tax burden of families equally, but families pay other taxes as well, most notably sales and use and property taxes. The income tax is the only state tax that is *progressive*, e.g. that takes a larger proportion of the income of higher income people than it does of lower income people. Both the sales and use and the property taxes are *regressive*, taking a higher proportion of the income of lower income people than of higher income people.

An across-the-board reduction in income tax rates, therefore, provides greater proportional benefit to high income people than low income people. According to the figures supplied by the Center on Budget and Policy Priorities supplied by KPMG Peat Marwick, overall state and local tax burden in Iowa for different income classes in 1993 varied from 23.1% of income for taxpayers with incomes below $10,000 to 9.5% of income of taxpayers with incomes over $200,000. Meanwhile, a 10% across-the-board reduction in income tax rates was estimated to produce a reduction in overall tax burden for taxpayers with incomes below $10,000 of less than ½ of 1%, while it was estimated to produce a reduction of more than 6% for those with incomes above $200,000.

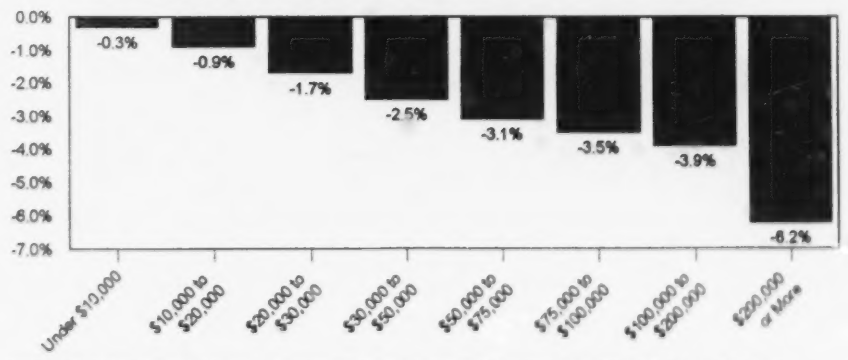
State and Local Tax Burdens by Income Levels and Source of Tax



Center on Budget and Policy Priorities
Source: KPMG Peat Marwick, 1993
* Alcohol, Tobacco, Motor Fuel

Impact of 10% Across-the-Board Income Tax Cut by Income Levels

Percent Change in State/Local Taxes as a Share of Income



Center on Budget and Policy Priorities Source: KPMG Peat Marwick, 1993 Assumes 15% reduction in effective PIT Rate

changes to Iowa's tax code to reflect goals of simplification, equity, and reduction."

Further, as the state "couples" its tax provisions to conform with recent federal tax law changes, it must insure that Iowa families with dependents who receive credits under federal dependent credits do not see their state income tax burden increase as a result.

The different analyses by the Child and Family Policy Center all indicate that the overall Iowa tax policy consequence for families with dependents:

* has created increased burdens on those families over time,
* does not reflect the expenses associated with caring for dependents,
* is out-of-step with how other states' and the federal government's tax systems treat dependents, and
* will be exacerbated by 1997 federal tax law changes, unless corrective state action is taken.

Most importantly, correcting these inequities will require a re-examination and substantial increase in the dependent credit. In addition, it should involve an examination of the tax treatment of married couples and the development of broadened tax brackets for married couples who wish to file jointly. Finally (although not discussed in the points above), refundability and expansion of Iowa's earned income tax credit should be examined in the context of other forms of tax relief for low-income, working families and for furthering the goals of welfare reform.[4]

Endnotes:

1. More detailed information is available by contacting the Child and Family Policy Center.
2. This is the charge given to the 1997-8 Task Force to Study Iowa's System of State and Local Taxation, established by the General Assembly in 1997.
3. The new federal $500 dependent credit, discussed under finding number 6 for its implications to Iowa, does substantially increase the federal government's tax recognition for raising children and caring for dependents. For a family in the 15% federal income tax bracket, a credit of $500 is equivalent to an exemption or deduction of $3,333. For a family in the 28% tax bracket, a $ 500 credit is equivalent to a $1,786 deduction. While this brings the federal income tax system closer to recognizing the cost of raising children, the credit and the exemption combined still are well below the estimated costs of raising a child.
4. The state has an earned income credit that is equal to 6.5% of the federal earned income credit. Since Iowa does not provide for refundability, many Iowans who receive the federal credit do not receive an equivalent state credit. Further, the size of Iowa's credit is small relative to the federal tax credit. The earned income tax credit has received strong bipartisan support because it is targeted to working households with dependents. The Child and Family Policy Center has additional information on the earned income tax credit that is not covered in this report.

IOWA KIDS COUNT INITIATIVE
Child and Family Policy Center
218 Sixth Avenue, Suite 1021
Des Moines, IA 50309-4006

Non-Profit Org.
U.S. Postage
PAID
Permit No.4032

IOWA
KIDS COUNT